



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____

August 27, 2009

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, 2008.

The average annualized cost per resident/patient at the nine institutions under the control of the Iowa Department of Human Services ranged from \$89,716 at the State Training School – Eldora to \$259,768 at the Mental Health Institute - Independence and \$362,275 at the Mental Health Institute - Cherokee for the year ended June 30, 2008. Total general fund expenditures for the nine institutions increased 33.40% during the five year period to approximately \$223 million, the average number of residents/patients decreased 10.17%, from 1,229 to 1,104, and the average daily cost per resident/patient increased 48.50%, from \$372.14 to \$552.65, 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, 2008

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



David A. Vaudt, CPA
Auditor of State

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August 21, 2009

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, 2008.

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 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 Human Services for the five years ended June 30, 2008 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, 36, 37, 38, 40 and 41 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
Richard Oshlo, Interim Director, Department of Management
Glen Dickinson, 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 24-hour nursing care 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 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.

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, 2008 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 three years ended June 30, 2008 and is reported as reallocated support services costs on Schedules 4, 5 and 6 on pages 20 through 25. This information was not available prior to the year ended June 30, 2006.

The average annualized cost per resident/patient ranged from \$89,716 at the State Training School – Eldora to \$259,768 at the Mental Health Institute - Independence and \$362,275 at the Mental Health Institute – Cherokee for fiscal year 2008.

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 74 on June 30, 2008.

Total general fund expenditures increased 33.40%, from \$166,934,748 in 2004 to \$222,693,973 in 2008, the average number of residents/patients decreased 10.17%, from 1,229 to 1,104, and the average daily cost per resident/patient increased 48.51%, from \$372.14 to \$552.65, over the same period.

Median stay ranged from 13 days to 36 days at the four Mental Health Institutes for fiscal year 2008.

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, 2004					
	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	48	90	\$ 154,296	422.73	11	\$ 4,650
Mental Health Institute - Mt. Pleasant	58	96	111,172	304.58	29	8,833
Mental Health Institute - Cherokee	46	208	305,128	835.97	13	10,868
Mental Health Institute - Independence	92	303	205,365	562.64	54	30,383
Woodward Resource Center	281	640	152,174	416.92		
Glenwood Resource Center	390	845	139,749	382.87		
State Juvenile Home - Toledo	89	112	79,741	218.47		
State Training School - Eldora	187	195	64,266	176.07		
Civil Commitment Unit for Sexual Offenders	38	54	99,297	272.05		
Total	1,229	2,543	\$ 135,830	372.14		

Year ended June 30, 2005						Year ended June 30, 2006					
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
47	89	\$ 159,852	437.95	12	\$ 5,255	46	89	\$ 175,494	480.81	13	\$ 6,250
57	87	119,563	327.57	29	9,500	54	94	132,796	363.83	28	10,187
44	203	318,750	873.29	15	13,099	44	212	303,848	832.46	18	14,984
89	298	217,909	597.01	48	28,657	88	283	232,161	636.06	45	28,623
269	629	165,667	453.88			259	662	189,503	519.19		
377	862	156,126	427.74			354	896	193,145	529.17		
81	113	89,432	245.02			82	116	95,849	262.60		
165	192	74,144	203.13			181	195	72,497	198.62		
47	58	76,562	209.76			55	66	121,077	331.72		
1,176	2,531	\$ 148,169	405.94			1,163	2,613	\$ 166,929	457.34		

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, 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
Mental Health Institute - Clarinda	48	91	\$ 176,892	484.64	21	\$ 10,177
Mental Health Institute - Mt. Pleasant	59	101	132,795	363.82	28	10,187
Mental Health Institute - Cherokee	40	213	344,165	942.92	14	13,201
Mental Health Institute - Independence	86	283	243,051	665.89	48	31,963
Woodward Resource Center	248	697	221,510	606.88		
Glenwood Resource Center	338	920	217,387	595.58		
State Juvenile Home - Toledo	79	118	104,366	285.93		
State Training School - Eldora	173	197	79,748	218.49		
Civil Commitment Unit for Sexual Offenders	66	78	100,552	275.49		
Total	1,137	2,698	\$ 183,011	501.40		

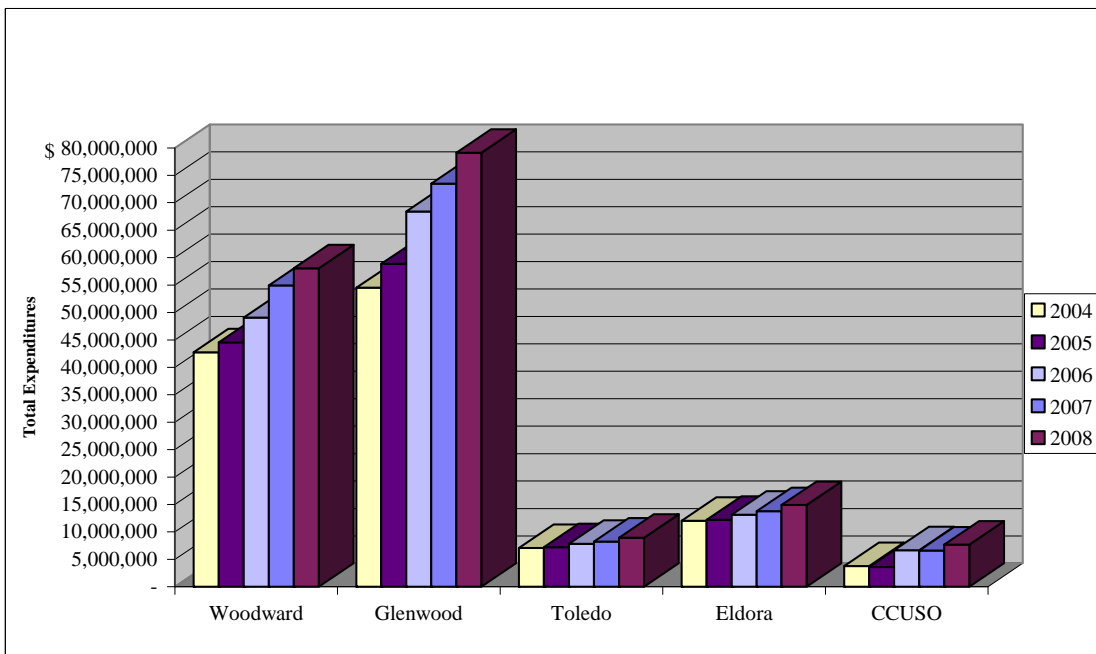
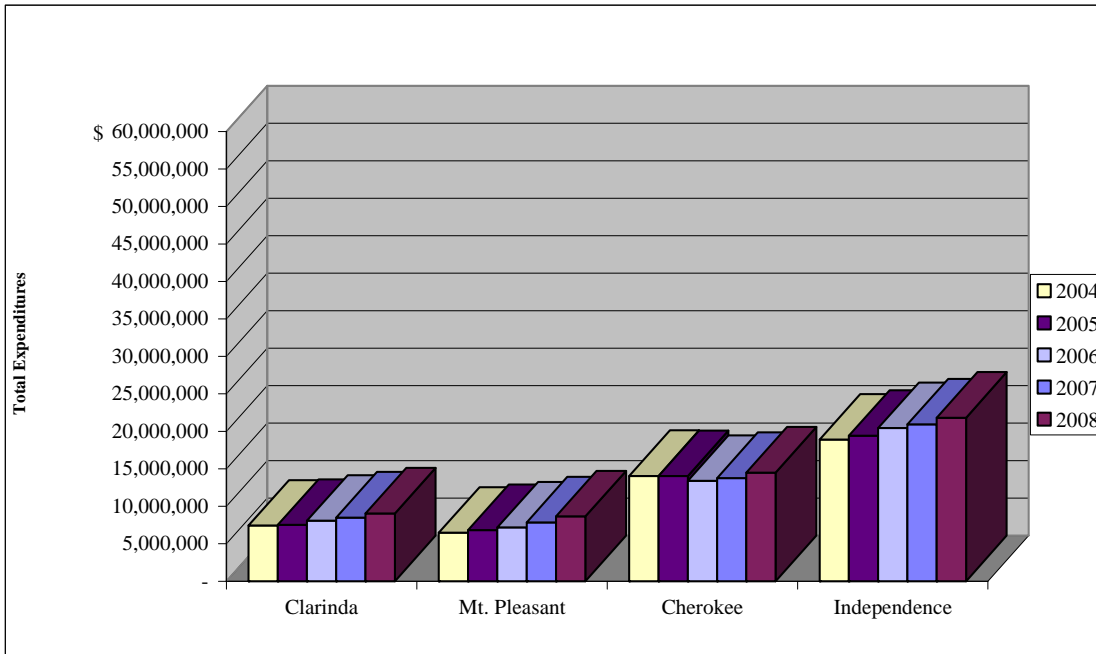
Year ended June 30, 2008					
Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
46	93	\$ 196,548	538.49	19	\$ 10,231
60	106	144,064	394.70	28	11,052
40	212	362,275	992.53	13	12,903
84	280	259,768	711.69	36	25,621
235	717	247,023	676.77		
326	927	242,674	664.86		
76	118	117,810	322.77		
166	194	89,716	245.80		
71	84	108,292	296.69		
1,104	2,731	\$ 201,716	552.65		

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)

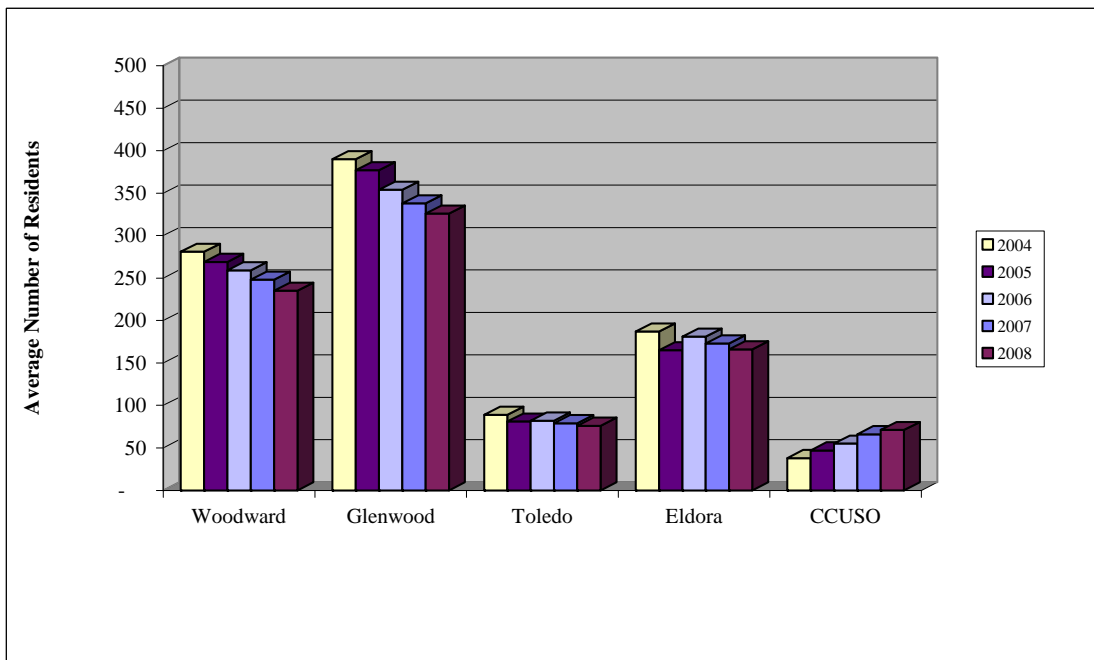
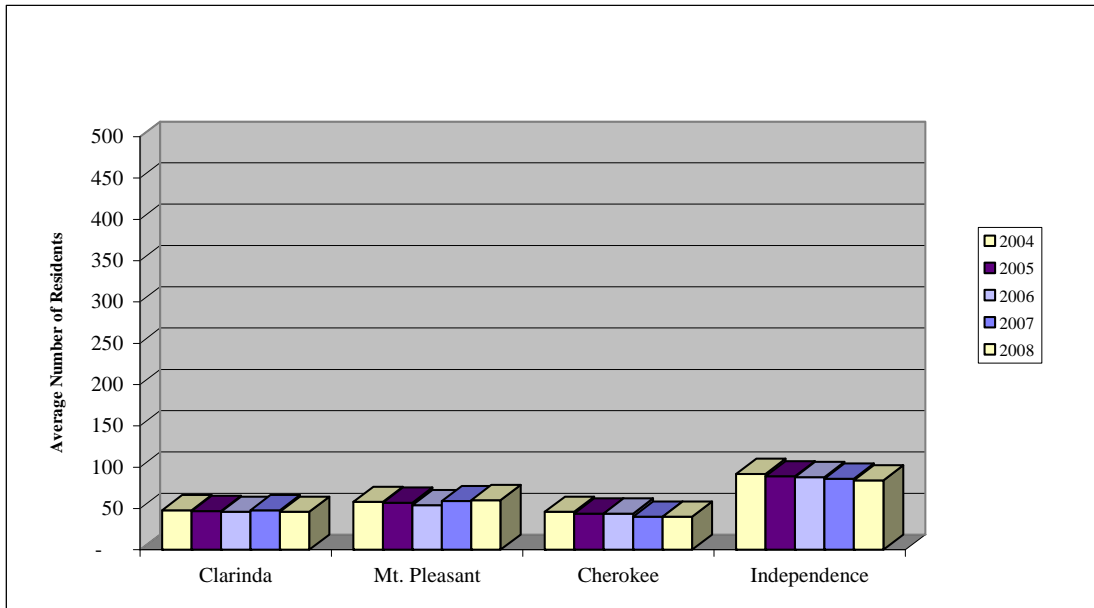
For the Last Five Fiscal Years



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)

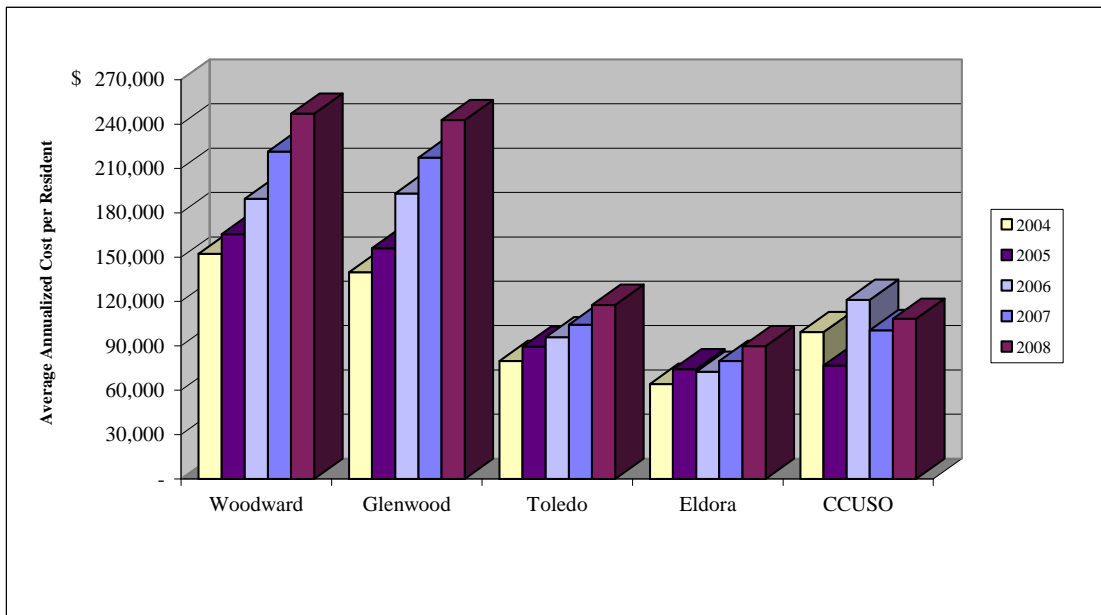
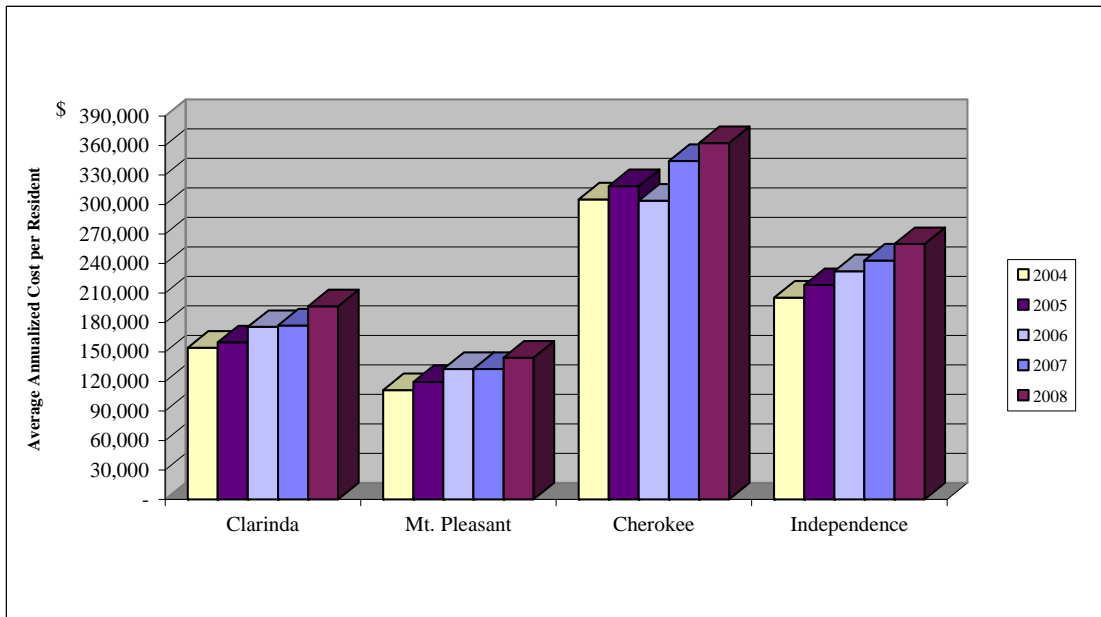
For the Last Five Fiscal Years



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, 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>	<u>4,714,436</u>	<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

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2008

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Personal services	\$ 7,391,770	7,216,650	13,682,846	18,417,624
Travel	40,638	33,797	43,114	58,315
Supplies and materials	990,920	532,517	977,555	987,342
Contractual services	554,287	773,252	1,535,253	2,031,591
Capital outlay	63,397	86,227	231,219	323,034
Claims and miscellaneous	126	405	1,409	1,035
Licenses, permits and refunds	85	1,010	505	1,578
Aid to individuals	-	-	-	-
Total before reallocations	<u>\$ 9,041,223</u>	<u>8,643,858</u>	16,471,901	<u>21,820,519</u>
Reallocated support services costs (see page 6)			<u>(1,980,918)</u>	
Total			<u>\$ 14,490,983</u>	

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
47,143,096	60,378,764	7,221,028	12,104,745	5,091,505	178,648,028
495,664	440,068	33,390	60,763	65,017	1,270,766
3,634,099	6,366,174	695,767	752,121	106,345	15,042,840
4,946,799	8,314,399	759,312	1,554,480	274,163	20,743,536
1,689,921	3,073,359	236,224	400,995	169,134	6,273,510
140,380	532,949	6,139	14,524	1,678	698,645
407	5,939	1,676	5,222	-	16,422
-	226	-	-	-	226
<u>58,050,366</u>	<u>79,111,878</u>	<u>8,953,536</u>	<u>14,892,850</u>	<u>5,707,842</u>	<u>222,693,973</u>
				<u>1,980,918</u>	
				<u>7,688,760</u>	

Institutions Under the Control of the Iowa Department of Human Services

Resident/Patient Population Statistics
(Unaudited)

Year ended June 30, 2008

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence
Population beginning of year	46	65	41	80
Admissions:				
First admissions	111	519	295	206
Readmissions	89	127	234	306
Returns:				
Home visits	-	-	-	323
Limited leaves	-	-	-	3
Temporary medical transfers	-	-	-	26
Unauthorized departures	-	11	-	1
Total admissions	200	657	529	865
Released:				
Discharges	197	635	532	511
Deaths	-	-	-	-
Home visits	-	-	-	317
Limited leaves	-	-	-	7
Temporary medical transfers	4	11	2	28
Unauthorized departures	-	14	1	1
Other	-	-	-	-
Total released	201	660	535	864
Population end of year	45	62	35	81
Average number of residents/patients	46	60	40	84

Woodward Resource Center	Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders
241	323	74	171	67
3	16	127	295	10
-	9	-	35	-
-	437	-	-	-
57	2	-	-	-
-	223	-	-	-
-	-	-	-	-
60	687	127	330	10
17	26	134	160	3
6	9	-	-	-
-	437	-	-	-
53	3	-	-	-
-	223	-	-	-
-	-	-	-	-
-	-	-	170	-
76	698	134	330	3
225	312	67	171	74
235	326	79	166	71

June 30, 2008

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Related to Internal Control:

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. An initial listing of mail receipts was not prepared for a portion of the fiscal year audited.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Institute should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. Evidence of reviews should be indicated by initials of the independent reviewer and the date of the review. An initial listing of mail receipts should be prepared consistently throughout the fiscal year.

Response – Currently, we have one staff who opens the mail and hands all receipts to another staff to prepare a listing of those receipts. These tasks are done the same day and initialed the same day. We have also changed our procedures to list the receipts all year instead of randomly listing receipts.

Conclusion – Response accepted.

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 following collection. The Institute had deposits where 90% of the monies received were not deposited within 10 days following collection.

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

Response – All fees, commissions and monies will be deposited within 10 days into the proper account until such time that a determination can be made as to the correct account to credit it to or possibly return to sender.

Conclusion – Response accepted.

Findings and Recommendations for Mental Health Institute - Clarinda

June 30, 2008

Staff:

Questions or requests for further assistance should be directed to:

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Joshua B. Ludwig, Staff Auditor
Jeana R. Mulbauer, Assistant Auditor

June 30, 2008

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:

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June 30, 2008

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:

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Sara L. Roling, Assistant Auditor

June 30, 2008

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:

Unclaimed Property – Chapter 556.11 of the Iowa Code requires unclaimed property be reported to the State Treasurer annually before November 1st. The Institute did not notify the State Treasurer until December.

Recommendation – The Institute should comply with Chapter 556.11 of the Code of Iowa and report unclaimed property to the State Treasurer annually before November 1st.

Response – Independence MHI has an employee assigned the responsibility of completing the Unclaimed Property Report for the State Treasurer's Office. This employee and the employee's supervisor have been instructed to add this report requirement to a "tickler" calendar for prompting in the future to ensure timely submission.

Conclusion – Response accepted.

Staff:

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Brian P. Schenkelberg, CPA, Staff Auditor
Joshua B. Ludwig, Staff Auditor
Rosemary E. Nielsen, Assistant Auditor
Stephanie A. Sissel, Assistant Auditor

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:

Payroll – The Center processes and records payroll and personnel information on the Human Resource Information System (HRIS). The Human Resources 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 Resources Associates from the duties of payroll.

Response – For documents that require more than one level of approval at the facility, Woodward Resource Center HR staff will initiate a process to ensure there is segregation of duties. The HR Associate will apply one level of approval and the HR Administrative Assistant II will apply the other level.

Conclusion – Response accepted.

Other Findings Related to Internal Control:

- (1) Supply Inventories – Six 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 – Woodward Resource Center has procedures in place to segregate the duties of ordering, maintaining, receiving and issuing of inventory.

Conclusion – Response accepted.

- (2) Maintenance Department Inventory – The Center's Maintenance Department has tools, small equipment and other items for which no inventory records are maintained.

Recommendation – To ensure proper accountability, the Center should maintain and report an inventory of tools, small equipment and other items.

Response – Woodward Resource Center will comply by doing an inventory count at the maintenance department to be reported as of June 30, 2009.

Conclusion – Response accepted.

- (3) Capital Asset Listing – 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. Two of nine assets selected for existence testing could not be located because the assets were disposed of in the prior year. These items should have been removed from the listing upon disposal.

Findings and Recommendations for Woodward Resource Center

June 30, 2008

Recommendation – The Center should establish procedures to ensure the capital asset listing is current and accurate.

Response – Woodward Resource Center concurs and has deleted the two items from the capital asset listing.

Conclusion – Response accepted.

- (4) Resident Care Agreement – Federal guidelines require a resident care agreement be completed when a client is admitted to the Center. The resident care agreement is to be signed by the client or his/her representative or guardian, a Department of Human Services representative and an authorized person from the Center. The form should be included in the permanent section of each client's facility file. Seven of twenty-five client files tested did not include the required completed care agreement.

Recommendation – The Center should establish procedures to ensure all completed care agreements are signed and maintained in each client's facility file as required.

Response – Woodward Resource Center is establishing procedures to ensure the residential care agreement is completed and signed at the time of intake.

Conclusion – Response accepted.

- (5) Reconciliation of Medicare D Billings – A reconciliation of Medicare D billings to payments received is not performed.

Recommendation – A reconciliation of Medicare D billings to payments received should be performed monthly to detect and correct billing errors.

Response – The Center is in the process of using QS1, our current pharmacy system, to perform a monthly reconciliation of Medicare D billings. The Center plans to move to the Worx system, which includes a reconciliation component, effective July 1, 2009.

Conclusion – Response accepted.

- (6) Fuel Usage Reconciliation – The daily fuel logs are not reconciled to the daily fuel tank measurements.

Recommendation – For proper accountability, daily fuel logs should be reconciled to the amounts on hand in the tanks.

Response – The Center measures the tanks on a daily basis and will begin periodically reconciling these daily measures to the daily fuel logs.

Conclusion – Response accepted.

June 30, 2008

Findings Related to Statutory Requirements and Other Matters:

- (1) Bids and Proposals – Chapter 73.2 of the Code of Iowa requires all requests for bids and proposals for materials, products, supplies, provisions and other articles to be purchased to contain a paragraph stating a preference will be given to products and provisions grown and coal produced within the state of Iowa. This Chapter also states agencies “shall advertise any request for bids and proposals on the official state internet site operated by the Department of Administrative Services.” The Center is not in compliance with these provisions.

Recommendation – The Center should comply with Chapter 73.2 of the Code of Iowa when making requests for bids and proposals.

Response – The Center has corrected the non-compliance as of March 2008.

Conclusion – Response accepted.

- (2) Personal Service Contracts – Iowa Department of Administrative Services (DAS) Policy 240.102 provides general guidelines to be followed by departments when entering into personal service contracts, including the following provisions:

- a) Signed Contract – A signed contract is required prior to the performance of services. Two of three contracts tested were not signed by all parties prior to the contracted service start date.
- b) Employee/Employer Relationship – Prior to signing a contract, a department must complete a questionnaire as prescribed by DAS guidelines to determine if an employee/employer relationship exists. No evidence exists to prove the Center completed the determination properly.
- c) Competitive Process – Chapter 106 of the Iowa Administrative Code provides for the use of either a formal or informal selection process to engage a service provider when the estimated annual value of the service contract is equal to or greater than \$5,000, but less than \$50,000. The use of informal competitive procedures requires a department to contact three prospective service providers or to provide justification when the department is not able to locate three prospective providers.

The Center contracted with a service provider for concrete services at a cost of \$49,999. Evidence of three contacts was not available and the Center did not document justification for contacting less than three prospective providers.

Recommendation – The Center should establish procedures to ensure compliance with DAS policies and procedures for service contracts.

Response – The Center concurs with these findings and has established procedures to ensure compliance with all procurement documentation guidelines.

Conclusion – Response accepted.

Findings and Recommendations for Woodward Resource Center

June 30, 2008

- (3) Iowa State Industries Purchases – Chapter 904.808 of the Code of Iowa states in part “A product possessing the performance characteristics of a product listed in the price lists prepared pursuant to Section 904.807 shall not be purchased by any department or agency of state government from a source other than Iowa State Industries...” This section provides an exception in cases where a written waiver is received because Iowa State Industries is unable to meet the performance characteristics of the purchase request.

The Center purchased tables from a vendor other than Iowa State Industries after a submitted waiver request was denied.

Recommendation – The Center should comply with Chapter 904.808 of the Code of Iowa for future product purchases.

Response – The Center requested a waiver from Iowa Prison Industries (IPI) to purchase three table sizes, which was denied. IPI could not meet the desired delivery date, did not have one of the specific table sizes, and did not have the color of table desired to match the existing furniture in the gym. Therefore, the Center did not purchase tables from IPI.

Conclusion – Response acknowledged. Future purchases should comply with Chapter 904.808 of the Code of Iowa.

Staff:

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Daryl L. Hart, Auditor Intern

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:

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.

- a) A donated boom truck valued at \$108,000 was included on the capital asset listing at zero value, causing the beginning value of assets to be understated in FY08.
- b) One building included in capital assets was valued at \$8,203. As of June 30, 2008, this building was still under construction and, therefore, should have been reported as Construction in Progress rather than included in the asset balance. Construction in Progress was understated and Buildings was overstated by \$8,203.

Recommendation – Capital assets donated or reimbursed for should be included on the capital assets listing valued at the date of donation or the amount paid. Uncompleted construction in progress at June 30th should remain in construction in progress until completed.

Response – The boom truck has been corrected on the asset listing. Capital assets donated or reimbursed will be included on the capital asset listing valued at the donation or amount paid. Depreciation regarding the uncompleted building has been corrected, and construction will be added to the listing upon completion.

Conclusion – Response accepted.

Other Findings Reported 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:

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Joshua B. Ludwig, Staff Auditor
Lori M. Dinville, Staff Auditor
Kelly L. Hilton, Assistant Auditor
Reza Sepehri, Assistant Auditor
Lara Van Wyk, Auditor Intern

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:

Capital Assets – The Iowa Department of Administrative Services (DAS) receives state appropriations for various capital projects related to State owned buildings. DAS maintains detailed spreadsheets for each project. These spreadsheets are sent monthly to the Iowa Department of Human Services (DHS) for the DHS facilities.

The DHS facilities report the construction in progress related to their projects in their GAAP Packages. At year end, the Business Manager for the Toledo Juvenile Home (TJH) contacted DAS to obtain financial information related to the construction in progress, since TJH had not received the reports originally sent to DHS. DAS provided several electronic files containing financial information to TJH. Some of the financial information provided is year-to-date information and other spreadsheets document expenditures by fiscal year.

TJH used the year-to-date information to prepare the construction in progress balance reported in the GAAP Package at June 30, 2008, which included \$1,493,911 of expenditures related to fiscal year 2009. This was properly adjusted for reporting purposes.

Recommendation – The Toledo Juvenile Home should work with DHS to obtain these reports and work with DAS to gain a better understanding of the financial information provided to ensure the accuracy of amounts reported in the GAAP Package.

Response – The Toledo Juvenile Home will confer with the Iowa Department of Administrative Services to ensure balances reported for Construction in Progress contain specific fiscal year totals rather than cumulative totals.

Conclusion – Response accepted.

Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

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Jessica P.V. Green, Assistant Auditor
Rosemary E. Nielsen, Assistant Auditor

June 30, 2008

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. The following incompatible duties were noted:
 - a) For the Boys Fund, the same individual handles receipts, records receipts in the accounting system and performs monthly bank reconciliations.
 - b) The responsibilities of receiving, storing and issuing inventory is assigned to only one individual in the kitchen and the storeroom.

Recommendation – Eldora Training School should review the current key duties and segregate the incompatible duties to the extent possible. Additionally, an independent review should be performed on recorded mail receipts.

Response – Normally, the accounting clerk and the purchasing agent (or the superintendent's secretary) verify mail receipts jointly and independent of the accounting technician. If a staff member absence in the business office necessitates the accounting technician to handle mail receipts, then another staff outside the business office will be utilized to ensure a joint process. The accounting clerk generally records receipts in the accounting system and the accounting technician performs the bank reconciliation and reviews deposits. As with mail receipts, if the accounting technician is required to post receipts due to the absence of the accounting clerk, the same joint process will be employed and documented. In addition, the business manager reviews bank reconciliations and deposits on a monthly basis. Further segregation is not possible, unless more staff is assigned to the business office.

Also, based on facility budget constraints, the ability to add personnel to the dietary and supply storerooms is not feasible. Random checks of these storerooms are conducted and documented ensuring an accurate accounting of the goods received, stored, and issued. Any discrepancies are addressed as appropriate.

Conclusion – Response accepted.

- (2) Capital Assets – The School is required to complete a GAAP Package each year summarizing all activity for capital assets and construction in progress. Each entry to the GAAP Package should be accurate and properly supported. For fiscal year 2008, several areas of the GAAP Package were not accurate or did not agree with supporting documentation.

Recommendation – The School should ensure the GAAP Package is accurate and agrees with supporting documentation in the financial records.

Response – The State Training School shall continue to strive to ensure GAAP reporting is as accurate as possible. As necessary, the accounting technician shall confirm any adjustments made in prior audits to ensure starting figures are the corrected amounts. All GAAP entries, as appropriate, shall have supporting documentation and footnotes where possible on how the calculations were obtained.

Conclusion – Response accepted.

Findings and Recommendations for State Training School - Eldora

June 30, 2008

- (3) Expenditures – Expenditures are funded primarily through appropriations received from the State of Iowa. In order to ensure the expenditures are for sound business reasons and are made responsibly, all expenditures are to be approved by the department supervisor and the business office prior to payment.

Evidence of proper approval in accordance with State Training School policy and Department of Administrative Services policy was not available for certain expenditures.

Recommendation – The School should ensure all requests for expenditures are properly approved in accordance with its policy and Department of Administrative Services policy.

Response – The School business office shall ensure all purchasing requests document the appropriate prior approvals in accordance with all policies, and are maintained on file with the purchasing documents. No expenditures have been made for any item or service without the approval and signature of the business manager or designee.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager
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:

Tracey L. Gerrish, Staff Auditor
Daniel W. Henaman, Assistant Auditor
Kelly L. Hilton, Assistant Auditor
Kristin M. Ockenfels, Assistant Auditor

Findings and Recommendations for Civil Commitment Unit for Sexual Offenders

June 30, 2008

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:

Deborah J. Moser, CPA, Manager
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