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NEWS RELEASE

FOR RELEASE July 28, 2010

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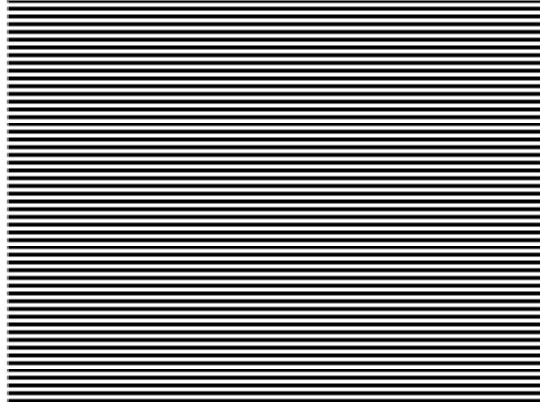
Auditor of State David A. Vaudt today released a report on the Iowa Department of Education, Division of Vocational Rehabilitation Services for the year ended June 30, 2009.

The Iowa Department of Education, Division of Vocational Rehabilitation Services is responsible for determining eligibility of individuals for vocational rehabilitation and the nature and scope of vocational rehabilitation services to be provided. In addition, the Division has assumed the duties relating to making determinations of disability under the Social Security Act pursuant to an agreement between the Division and the Social Security Administration.

Vaudt recommended the Division review its policies and procedures to ensure federal funds are requested on a pre-issuance basis, proper documentation is maintained in case files for determining eligibility and develop and implement procedures to segregate the duties of the Human Resource Associate from the duties of payroll.

A copy of the report is available for review at the Iowa Department of Education, Division of Vocational Rehabilitation Services, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1060-2830-BR00.pdf>

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF EDUCATION, DIVISION OF
VOCATIONAL REHABILITATION SERVICES**

JUNE 30, 2009

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



David A. Vaudt, CPA
Auditor of State





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July 23, 2010

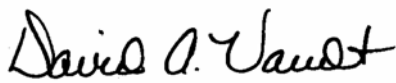
To the Members of the State Board of Education:

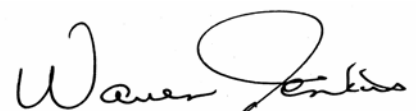
The Iowa Department of Education, Division of Vocational Rehabilitation Services is part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2009.

In conducting our audits, we became aware of certain aspects concerning the Division's operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations, which include those reported in the State's Single Audit Report and another finding related to internal control. These recommendations have been discussed with Division personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Division's responses, we did not audit the Division's 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 Education, Division of Vocational Rehabilitation Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Education, Division of Vocational Rehabilitation 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 Division 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 Division are listed on page 7 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 C. Oshlo, Jr., Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Report of Recommendations to the
Iowa Department of Education
Division of Vocational Rehabilitation Services

June 30, 2009

Findings Reported in the State's Single Audit Report:

CFDA Number: 84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States

Agency Number: H126A080020, H126A090020

Federal Award Year: 2008, 2009

State of Iowa Single Audit Report Comment: 09-III-USDE-283-5

- (1) Cash Management – Effective cash management procedures provide for minimizing the amount of time between drawdown/request for federal funds and the disbursement of those funds. As stated in the CMIA Agreement, the Rehabilitation Services program is funded on a pre-issuance basis. This means federal draws are to be requested so they are not deposited more than three days prior to the date of the disbursement.

A review of the Division's ledgers and cash management system identified the Division routinely draws on a reimbursement basis rather than a pre-issuance basis.

Recommendation – The Division should develop and implement procedures to ensure federal funds are requested on a pre-issuance basis rather than a reimbursement basis.

Response and Corrective Action Planned – Iowa Vocational Rehabilitation Services cash management systems, policies and procedures have been revised in response to this audit comment. Federal funds for the vocational rehabilitation program will be drawn on a pre-issuance basis to the extent reasonably possibly. Unforeseen automated transfers (expenditures) may continue to cause draws of federal funds to occur on a reimbursement basis infrequently.

Conclusion – Response accepted.

CFDA Number: 84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States

Agency Number: H126A070020

Federal Award Year: 2007

State of Iowa Single Audit Report Comment: 09-III-USDE-283-6

- (2) Grant Management – Rehabilitative Services Administration (RSA) is conducting a review of the program identified above. A report will be issued by RSA when the review is completed. The report will include any recommendations, questioned costs and other concerns identified. In addition, the results will be disclosed within the subsequent year's Schedule of Findings and Questioned Costs.

Response and Corrective Action Planned – Division response not requested.

Report of Recommendations to the
Iowa Department of Education
Division of Vocational Rehabilitation Services

June 30, 2009

CFDA Number: 84.126 – Rehabilitation Services_Vocational Rehabilitation Grants to States

Agency Number: H126A080020, H126A090020

Federal Award Year: 2008, 2009

State of Iowa Single Audit Report Comment: 09-III-USDE-283-7

- (3) Eligibility – The Code of Federal Regulations, 34 CFR 361.41, states, in part, “Once an individual has submitted an application for vocational rehabilitation services...an eligibility determination must be made within 60 days.” In two of twenty-five case files tested, eligibility determination was not completed within 60 days of the application and no eligibility extension was on file. The R-413 form is completed to certify an individual is or is not eligible for vocational rehabilitation services. One of twenty-five case files tested did not have an R-413 Face Sheet form, so it could not be determined if eligibility determination was completed within 60 days. One of twenty-five case files tested did not have an R-413 Face Sheet form signed and dated by the counselor, so it could not be determined if eligibility determination was completed within 60 days.

Each individual determined to be eligible for services provided by the Division must have an individualized plan for employment (IPE). The Code of Federal Regulations, 34 CFR 361.45, states, in part, “The IPE is reviewed at least annually by a qualified vocational rehabilitation counselor.” One of twenty-five case files tested did not have documentation the Division reviewed the case at least annually.

Case files are required to contain an R-406 Financial Inventory form. One of twenty-five case files tested did not contain a R-406 Financial Inventory form.

Recommendation – The Division should develop and implement procedures to ensure proper documentation is maintained in case files for determining eligibility.

Response and Corrective Action Planned – Effective immediately a checklist has been included in the case record and is the first item shown when opening a hard copy case. The checklist requires each time a person handles the case record it is reviewed to determine if the necessary documents and case management requirements are on file. If the appropriate document is not on file then an action is taken to complete the work as described in policy and regulations.

Conclusion – Response accepted.

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

No matters were noted.

Report of Recommendations to the
Iowa Department of Education
Division of Vocational Rehabilitation Services

June 30, 2009

Other Finding Related to Internal Control:

Payroll – The Division processes and records payroll and personnel information on the Human Resource Information System (HRIS). The Human Resource Associate utilizes an online P-1 document to initiate payroll transactions, such as adding new employees and recording pay raises.

The Division's standard practice is for an independent person to apply Department level approval on the P-1 document. However, one individual has the ability to both initiate and approve P-1 documents. During the fiscal year, there were no instances noted of the individual applying both levels of approval, but the Division does not have procedures in place to detect if such instances occur.

In addition, this individual has the ability to initiate and approve timesheets.

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

Response – We will implement procedures to change the levels of approval for the Executive Officer 1 position in the administrative services bureau management team. This position will now only have Departmental level approval and not Personnel Assistant level. We are initiating the Personnel Assistant approval level for the Administrative Assistant 2 position in the administrator's planning and development team. This will make a transparent internal control process as no position in the division will have both the Departmental and Personnel Assistant level approvals for P-1 documents.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the
Iowa Department of Education
Division of Vocational Rehabilitation Services

June 30, 2009

Staff:

Questions or requests for further assistance should be directed to:

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