



# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand  
Auditor of State

## NEWS RELEASE

FOR RELEASE

October 22, 2019

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Inspections and Appeals for the year ended June 30, 2018.

The Iowa Department of Inspections and Appeals was created for the purpose of coordinating and conducting audits, appeals, hearings, inspections and investigations related to the operations of Iowa state government. The Department also provides administrative support services for the Employment Appeal Board, Hospital Licensing Board, Child Advocacy Board, State Public Defender and the Iowa Racing and Gaming Commission.

Sand recommended the Department implement procedures to strengthen controls over Medicare and Medicaid facility surveys and to set targeted small business goals in accordance with the Code of Iowa. The Department's responses to the recommendations are included in the report.

A copy of the report is available for on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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**REPORT OF RECOMMENDATIONS TO THE  
DEPARTMENT OF INSPECTIONS AND APPEALS**

**JUNE 30, 2018**

**Iowa Department of Inspections and Appeals**



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Rob Sand  
Auditor of State

October 14, 2019

Iowa Department of Inspection and Appeals  
Des Moines, Iowa

To Larry Johnson, Jr., Director of the Iowa Department of Inspection and Appeals:

I am pleased to submit to you the Report of Recommendations for the Iowa Department of Inspection and Appeals for the year ended June 30, 2018. The report includes findings pertaining to the Department's internal control and compliance with statutory requirements and other matters which resulted from the fiscal year 2018 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Department of Inspection and Appeals throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand  
Auditor of State

**Iowa Department of Inspections and Appeals**



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Rob Sand  
Auditor of State

October 14, 2019

To Larry Johnson, Jr., Director of the Iowa Department of Inspections and Appeals:

The Iowa Department of Inspections and Appeals 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, 2018.

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, which include those reported in the State's Single Audit Report. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Inspections and Appeals' 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 Inspections and Appeals, citizens of the State of Iowa and other parties to whom the Department 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 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 Department are listed on page 6 and they are available to discuss these matters with you.

Marlys K. Gaston, CPA  
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor  
David Roederer, Director, Department of Management  
Glen P. Dickinson, Director, Legislative Services Agency

Report of Recommendations to the  
Iowa Department of Inspections and Appeals

June 30, 2018

**Findings Reported in the State's Single Audit Report:**

**CFDA Number: 93.777 – State Survey & Certification of Health Care Providers & Suppliers  
(Title XVIII) Medicare**

**Agency Number: None**

**Federal Award Year: 2017, 2018**

**Prior Year Single Audit Report Finding Number: N/A**

**State of Iowa Single Audit Report Comment: 2018-009**

Survey Frequency

Criteria – The Centers for Medicare and Medicaid Services (CMS), 2018 State Performance Standards System Guidance, Section F2(e), requires the Department to conduct a standard survey of each licensure agreement of nursing facilities no later than 15.9 months after the last day of the previous survey. In addition, the statewide average interval between standard surveys of licensure agreements must be 12.9 months or less.

The CMS 2018 State Performance Standards System Guidance, Section F3.2(a), requires the Department to conduct a standard survey of each licensure agreement of non-deemed critical access hospital facilities no later than 60 months after the last day of the previous survey. In addition, surveys of at least one, but not less than 5%, of non-deemed critical access hospitals must be performed annually.

Condition – The statewide average interval between standard surveys conducted by the Department for nursing facilities was 13.5 months.

The Department had 68 non-deemed critical access hospital facilities. Surveys were not conducted within the required 60 months after the previous survey for six facilities. In addition, the Department conducted surveys of two non-deemed critical access hospitals, which was less than the 5% requirement.

Cause – Although procedures have been established to conduct surveys at the required frequencies, procedures were not followed.

Effect – Surveys of nursing facilities and non-deemed critical access hospitals were not performed at the required frequency.

Recommendation – The Department should review its procedures to ensure all facilities are surveyed within the required interval.

Response and Corrective Action Planned – The Department has been aware the overall statewide average has exceeded 12.9 months. In November 2017, CMS implemented a new, computer-based long-term care survey process. The new process was implemented nationwide at this time and continues to impact the survey cycle times of both individual states and the national survey cycle average. The Department implemented the new process over approximately a 3-month period. Initially, the new survey process took longer to complete (six to seven days compared to four days under the old process). The Department now completes the survey process within 4 days. The new process requires more surveyors per survey than the old process. Consequently, fewer surveys can be completed each week. In order to reduce the overall statewide average, the Department has hired survey staff, including hiring surveyors on a temporary, contract basis to compensate for ongoing vacancies. In addition, the Department

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June 30, 2018

has approved overtime for staff to complete additional surveys. The Department is evaluating the need to increase both full-time employees (FTEs) and the associated federal funding in order to meet the federally required timeframes for long-term care surveys.

Conclusion – Response accepted.

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

No matters were reported.

**Other Findings Related to Internal Control:**

No material weaknesses in internal control over financial reporting were noted.

**Findings Related to Statutory Requirements and Other Matters:**

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

The TSB procurement goal for the Iowa Racing and Gaming Commission for fiscal year 2018 was not set at a level exceeding the fiscal year 2017 actual TSB spending.

Recommendation – The Iowa Racing and Gaming Commission should establish a procurement goal exceeding the previous fiscal year certified targeted small business procurement level as required or seek legislation to change this statutory requirement.

Response – Effective for the FY2019 target, the Iowa Racing and Gaming Commission will establish TSB spending goals at a level exceeding the procurement level from targeted small businesses during the previous fiscal year in compliance with Chapter 73.16 of the Code of Iowa.

Conclusion – Response accepted.

Iowa Department of Inspections and Appeals

Staff

**Staff:**

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy  
Tammy A. Hollingsworth, CIA, Manager  
Cole L. Hocker, CPA, Senior Auditor

Other individuals who participated in the audits include:

Mallory A. Peters, Senior Auditor  
Terry H. Erlbacher, Staff Auditor  
Michaela M. Goergen, Staff Auditor  
Elin M. Landgren, Staff Auditor  
Jason J. Miller, Staff Auditor  
Cody J. Pifer, Staff Auditor  
Amanda M. Anderson, Assistant Auditor  
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Noelle M. Johnson, Assistant Auditor  
Adam R. McCleish, Assistant Auditor  
Madeline W. Petellin, Assistant Auditor