



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

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NEWS RELEASE

FOR RELEASE

October 29, 2019

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Education, Division of Vocational Rehabilitation Services for the year ended June 30, 2018.

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.

Sand recommended the Division review its internal controls related to utilizing online P-1 documents to initiate and approve payroll actions through the Human Resource Interface System (HRIS) and implement procedures to comply with Chapter 73.16 of the Code of Iowa pertaining to the establishment of a targeted small business procurement goal. The Division responded favorably to these recommendations.

A copy of the report is available for review 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
IOWA DEPARTMENT OF EDUCATION, DIVISION OF
VOCATIONAL REHABILITATION SERVICES**

JUNE 30, 2018

**Iowa Department of Education
Division of Vocational Rehabilitation Services**



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Rob Sand
Auditor of State

September 25, 2019

Iowa Department of Education, Division of Vocational Rehabilitation Services
Des Moines, Iowa

To David Mitchell, Administrator of the Iowa Vocational Rehabilitation Services:

I am pleased to submit to you the Report of Recommendations for the Iowa Department of Education, Division of Vocational Rehabilitation Services for the year ended June 30, 2018. The report includes findings pertaining to the Division's internal control and compliance which resulted from the fiscal year 2018 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of the Division 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,



Rob Sand
Auditor of State

**Iowa Department of Education
Division of Vocational Rehabilitation Services**



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Rob Sand
Auditor of State

September 25, 2019

To David Mitchell, Administrator of the Division of Vocational Rehabilitation Services:

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, 2018.

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 pertain to the Division's internal control and statutory requirements and other matters. These recommendations have been discussed with Division personnel and their responses to the recommendations are included in this report. While we have expressed our conclusion 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 6 and they are available to discuss these matters with you.

Marlys Gaston
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 Education,
Division of Vocational Rehabilitation Services

June 30, 2018

Findings Reported in the State's Single Audit Report:

No matters were reported.

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

No matters were reported.

Other Finding Related to Internal Control:

Payroll – The Division processes and records payroll and personnel information in the Human Resource Information System (HRIS). The Human Resource Associates (HRA) utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. Beginning in fiscal year 2017, the Division developed compensating control procedures to include a remark as justification for why an individual is both initiating and approving the document.

Three employees have the ability to initiate and approve P-1 documents. In addition, we identified fifty instances in which the same employee initiated and approved a P-1 document. Of these fifty instances, seven P-1 documents were tested to determine whether a remark was included as a compensating control. For five of the seven P-1 documents tested, a remark was not provided as a compensating control.

Recommendation – To Division should ensure justification is documented on a P-1 document when the same individual is both initiating and approving the document.

Response – The Iowa Vocational Rehabilitation Services (IVRS) HRA was aware of the need to add comments when both initiating and applying approvals on P-1 documents. However, his comments did not provide any justification content. The HRA no longer works at IVRS as of December 27, 2018. Since then, IVRS has a Memorandum of Understanding (MOU) with Department of Administrative Services (DAS) to provide designated HRA services in compliance with this recommendation. DAS HRA contract implementation will put us into compliance with this recommendation.

Conclusion – Response accepted.

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

June 30, 2018

Finding 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 Division for fiscal year 2018 was not set at a level exceeding the fiscal year 2017 actual TSB spending.

Recommendation – The Division should take the necessary steps to comply with the Code of Iowa or seek legislation to change this statutory requirement.

Response – IVRS misunderstood the intent of the procurement goal. IVRS will set the goal to exceed prior year actual TSB spending each year to comply with the Code. This change has been implemented.

Conclusion – Response accepted.

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

June 30, 2018

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy
Suzanne R. Dahlstrom, CPA, Manager
Sarah J. Swisher, Senior Auditor

Other individuals who participated in the audit include:

Elizabeth P. Dawson, Staff Auditor
Edward J. Schroder, Staff Auditor
Terry J. Erlbacher, Assistant Auditor
Matthew K. Nnanna, Assistant Auditor