



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

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

NEWS RELEASE

FOR RELEASE _____ October 8, 2020

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Public Health for the year ended June 30, 2019.

The Department exercises general supervision over public health programs, promotes health and sanitation, carries out specific responsibilities required by law and administers state and federal laws related to public health and vital records. The Department also exercises administrative authority over the medical, dental, pharmacy and nursing boards.

AUDIT FINDINGS:

Sand reported three findings related to the receipt and expenditure of taxpayer funds. The findings are found on pages 3 through 4 of this report. Sand recommended the Department establish procedures to ensure information reported in the GAAP package for cash advances is accurate, and review procedures for cash management for the HIV Care Formula Grants. In addition, the Department should comply with Chapter 69.15 of the Code of Iowa when a vacancy exists in a Board position appointed by the Governor.

One of the findings discussed above is repeated from the prior year. Management of the Iowa Department of Public Health have a fiduciary responsibility to provide oversight of the Department's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" management exercises in its fiduciary capacity.

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

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF PUBLIC HEALTH**

JUNE 30, 2019

Iowa Department of Public Health



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Rob Sand
Auditor of State

September 15, 2020

Iowa Department of Public Health
Des Moines, Iowa

To Kelly Garcia, Interim Director of the Iowa Department of Public Health:

I am pleased to submit to you the Report of Recommendations for the Iowa Department of Public Health for the year ended June 30, 2019. 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 2019 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Department of Public Health 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 Public Health



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September 15, 2020

To Kelly Garcia, Interim Director of the Iowa Department of Public Health:

The Iowa Department of Public Health 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, 2019.

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 other 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. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Public Health'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 Public Health, citizens of the State of Iowa and other parties to whom the Iowa Department of Public Health 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. Individuals who participated in our audits of the Department are listed on page 5 and they are available to discuss these matters with you.

A handwritten signature in black ink that reads "Marlys K. 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 Public Health

June 30, 2019

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 Findings Related to Internal Control:

(1) Cash Management – HIV Care Formula Grants

Criteria – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. They also minimize the amount of state and other federal funds used to supplant programs until federal funds are received.

Condition – A review of the Department's records identified one instance where cash balances were in excess of \$220,000 for eleven days.

Cause – Although procedures have been established to draw federal funds in amounts sufficient to cover current needs, procedures were not followed.

Effect – Failure to follow procedures resulted in Department employees not detecting the error in the normal course of performing their assigned duties.

Recommendation – The Department should implement procedures to ensure federal funds are drawn down in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances.

Response and Corrective Action Planned – The Department has reviewed the instance resulting in cash balances in excess of \$220,000. Cash management procedures involving correction documents resulted in instances of excess cash balances during the fiscal year. Cash management procedures have been reviewed by appropriate staff to ensure compliance in the future.

Conclusion – Response accepted.

(2) Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the State's financial statements.

Report of Recommendations to the
Iowa Department of Public Health

June 30, 2019

The Department records receipts and disbursements in the Integrated Information for Iowa (I/3) system throughout the year, including during the accrual period. Activity not recorded in the I/3 system is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS-SAE) in a GAAP package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year.

Condition – Revenues related to WIC cash advances were not reported in the GAAP Package, causing accounts receivable and revenues to be understated by \$480,959.

Cause – Although policies and procedures are in place to review GAAP package information, the review was not sufficient in detail to identify the omitted entry.

Effect – Amounts reported in the GAAP Package for accounts receivable and revenues were understated by \$480,959.

Recommendation – The Department should implement policies and procedures to ensure information reported to DAS-SAE in the GAAP Package is complete and accurate.

Response – The Department has reviewed the instance where the WIC cash advance revenue correction was omitted from the GAAP Package. The Department will implement procedures to capture the GAAP entry at the time I/3 transaction is made. This entry will be cross referenced and tied out to the corresponding prepaid expense entry to ensure compliance.

Conclusion – Response accepted.

Finding Related to Statutory Requirements and Other Matters:

Board Member Attendance – Chapter 69.15 of the Code of Iowa provides a person appointed by the Governor to a board is deemed to have submitted a resignation if they do not attend three or more consecutive meetings or if they attend less than one-half of the regular meetings within twelve calendar months beginning on July 1.

One member of the Iowa State Board of Health, Kierstyn Borg Mickelson, did not comply with the attendance requirements of Chapter 69.15 of the Code of Iowa, however, she has continued to attend Board meetings and is currently listed as a member of the State Board of Health.

Recommendation – The Department should work with the Office of the Governor and the Code of Iowa designated members to encourage attendance at future meetings. In accordance with Chapter 69.15(3) of the Code of Iowa, the Governor should clarify whether the resignation has been accepted or rejected.

Response – All State Board of Health members are invited and encouraged to attend and participate in all SBOH meetings.

Conclusion – Response acknowledged. The Board should determine whether the resignation deemed submitted by not complying with the attendance requirements of Chapter 69.15 of the Code of Iowa has been accepted by the Governor.

Report of Recommendations to the
Iowa Department of Public Health

Staff

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy
Lesley R. Geary, CPA, Manager
Anthony M. Heibult, Senior Auditor II

Other individuals who participated in the audits include:

Coltin R. Collins, Staff Auditor
April R. Davenport, Staff Auditor
Nathan A. DeWit, Staff Auditor
Ronica H. Drury, Staff Auditor
Jason L. Miller, Staff Auditor
Sarah K. Nissen, Staff Auditor
Ethan M. Snedigar, Staff Auditor
Brandon G. Sommers, Staff Auditor
Tristan J. Swiggum, Assistant Auditor