



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

May 20, 2024

Auditor of State Rob Sand today released a report on the Iowa Department of Human Services for the year ended June 30, 2020.

The Iowa Department of Human Services provides many types of assistance to Iowans in need. The Department also is responsible for the mental health institutions, hospital/schools and the juvenile institution.

AUDIT FINDINGS:

Sand reported five findings related to the Iowa Department of Human Services. The findings are reported on pages 4 through 10 of this report. Sand recommended the Department establish policies and procedures to ensure compliance with the Department's Employees' Manual.

One of the five findings discussed above are repeated from the prior year. Management of the Iowa Department of Human Services 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 website at [Audit Reports – Auditor of State](#).

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF HUMAN SERVICES**

JUNE 30, 2020

Iowa Department of Human Services



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
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Rob Sand
Auditor of State

April 15, 2024

Iowa Department of Human Services
Des Moines, Iowa

To Members of the Iowa Department of Human Services:

I am pleased to submit to you this Report of Recommendations for the Iowa Department of Human Services for the year ended June 30, 2020. The report includes findings pertaining to the Department's internal control, compliance with statutory requirements and other matters which resulted from the fiscal year 2020 audit.

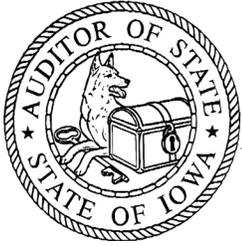
I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Department of Human Services throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

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

Rob Sand
Auditor of State

Iowa Department of Human Services



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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Des Moines, Iowa 50319-0004
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April 15, 2024

To the Council Members of the Iowa Department of Human Services:

The Iowa Department of Human Services is a part of the State of Iowa and, as such, has been included in our audits of the State's Annual Comprehensive Financial Report (ACFR) and the State's Single Audit Report for the year ended June 30, 2020.

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 as well as other recommendations pertaining to the Department's internal control. 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 Human Services' 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 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 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 11, and they are available to discuss these matters with you.

A handwritten signature in black ink, appearing to read "Brian R. Brustkern".

Brian R. Brustkern, CPA
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor
Kraig Paulsen, Director, Department of Management
Tim McDermott, Director, Legislative Services Agency

June 30, 2020

Findings Reported in the State's Single Audit Report:

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: 2001IATANF

Federal Award Year: 2020

Prior Year Single Audit Report Finding Number: N/A

Iowa Department of Human Services

2020-009

Computer Match – Family Investment Program (FIP)

Criteria – The Department operates FIP utilizing federal funds provided for in the Temporary Assistance for Needy Families (TANF) block grant. Title 4-C-39 of the Employees' Manual provides, in part, "A participant whose needs are included in a FIP grant cannot receive at the same time a grant from any other public assistance program administered by the Department, including foster care and subsidized adoption." Title 17-F-14 of the Employees' Manual provides, in part, "A child shall not concurrently receive subsidized adoption maintenance payments and FIP." However, the Department allows a participant to receive both FIP and foster care or FIP and subsidized adoption for the month the child is removed from the home to enter foster care or for the month the child begins receiving subsidized adoption payments.

In addition, although Title 4-C-39 of the Employees' Manual states a participant cannot receive both FIP and foster care assistance, a Title IV-E program, at the same time, a letter dated February 14, 2014 from the Administration for Children and Families (ACF) stated, "Federal TANF regulations allow for concurrent TANF and Title IV-E benefits only if the situation involves a Foster Care placement with a relative. If the placement is with a nonrelative, concurrent payment of benefits is only allowable in limited circumstances."

FIP payments are based upon the eligible group's needs and number of participants in the eligible group. Title 4-F-21 of the Employees' Manual provides the maximum FIP payment amount allowed based upon the number of participants in the eligible group.

Condition – A computer match of payment data was performed for cases receiving both FIP and foster care payments during fiscal year 2020. We reviewed 70 cases receiving both FIP and foster care payments during the same month of service. Of the 70 cases reviewed, 10 children, or 14.29%, received both FIP and foster care payments for an additional one to two months after entering foster care with a non-relative. Although these payments are not in compliance with the Employees' Manual, it is unclear if they meet the exception allowed by the federal government, as stated in the letter from ACF dated February 14, 2014.

A computer match of payment data was performed for cases receiving both FIP and subsidized adoption payments during fiscal year 2020. We reviewed 108 cases receiving both FIP and subsidized adoption payments during the same month of service. Of the 108 cases reviewed, three cases, or 2.8%, improperly received both FIP and subsidized adoption payments for an additional one to two months after entering subsidized adoption. The unallowable FIP payments for these three cases totaled \$673.

All FIP payments exceeding the maximum amount allowed in the eligible group were reviewed. Of the 12 cases reviewed, four cases improperly received FIP payments above the maximum amount allowed. Unallowable FIP payments for these four cases totaled \$1,098.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2020

Cause – The Department has established policies regarding the payment of both FIP and foster care assistance payments for the same period, however, documentation was not on file to support whether the payment is an exception to the established policy or if the policies were not followed.

Although the Department has established policies regarding the payment of both FIP and subsidized adoption payments during the same period, those procedures were not always followed.

Although the Department has established policies regarding the maximum amount allowed for FIP payments, those procedures were not always followed.

Effect – The lack of documentation regarding whether a FIP and foster care payment is an exception to the policy may result in the Department not identifying and recouping overpayments. Also, not following the established policies for the payment of FIP and subsidized adoption assistance may result in the Department overpaying either FIP or subsidized adoption assistance. In addition, not following the established policies regarding the maximum amount allowed for FIP payments in an eligible group may result in the Department overpaying FIP benefits.

Recommendation – The Department should review its policies and establish procedures pertaining to compliance with federal regulations and establish additional oversight procedures to ensure compliance with federal regulations pertaining to identifying concurrent FIP and foster care payments, concurrent FIP and subsidized adoption payments and FIP payments exceeding the maximum amount allowed for an eligible group. The Department should review cases identified and determine if recoupment should be performed.

Response and Corrective Action Planned –

Response – The Department has worked to reduce the number of errors from a high of 28% error rate for FIP and Foster Care in 2012 to 14.29% in this period. The FIP Adoption errors have been reduced from 28% 2013 to 2.9% in this period.

There are system limitations with our current benefits system for funding changes and the process to notify workers crosses DHS' systems. Future enhancements that are currently in progress may help reduce rates going forward as well.

Corrective Action Plans –

Overall: The Department continues to follow our established policies and procedures and minimally, reviews of each are done on an informal or formal basis annually.

Local Level: Each error was reviewed by management in the local service delivery area and the information reviewed with individual workers as appropriate. Corrective action and individualized procedure and process review is complete with the work.

Recoupment: The recoupment of any outstanding funds was completed at the time the errors were shared with the local entities. These recoupments are verified by administrative staff in the central office.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2020

Systems: The current eligibility and social services systems do not communicate. Social Work staff must make entries into the social service systems to close a case and the information about case closure must be communicated before eligibility systems close for the changes at the end of the month for processing. When eligibility staff do not make entries by the eligibility system cut-off date, payments can continue into subsequent months. A new eligibility system (ELIAS) is currently being designed and implemented. Work on a new social services eligibility system began in January 2021 and the design and start of the build are set to begin in January 2022.

Training: Trainings are planned for both social work and eligibility staff across the State and will be presented before December 31, 2021.

Conclusion – Response accepted.

CFDA Number: 93.778 – Medical Assistance Program
Agency Number: 2005IA5MAP, 1905IA5MAP
Federal Award Year: 2019, 2020
Prior Year Single Audit Report Finding Number: N/A
Iowa Department of Human Services

2020-011

Medical Assistance Claims

Criteria – The Departments’ Employee Manual, Title 8-G-11, states “Eligibility for Medicaid ends when the member dies.” The manual requires the Department to “verify the date of the member’s death using a reliable source.” Each month the Department receives a file from the Iowa Department of Public Health which lists deceased individuals and their date of death. The file is uploaded to the Medicaid Management Information System (MMIS) to update member information and identify possible instances of payments made for services provided after the member’s date of death. The Department uses this information to determine if recoupment of Medicaid payments is necessary.

Condition – A computer match was performed to identify payments for services provided after a member’s date of death. Of the 25 cases reviewed, one case had service dates after the member’s date of death for which recoupment procedures had not been initiated by the Department.

Cause – Each month the Department receives a file from the Iowa Department of Public Health which lists deceased individuals and their date of death. In instances where the date of birth or social security number on the list of deceased individuals does not exactly match the individual’s information in MMIS, the MMIS file will not update with the date of death.

Effect – For the one case with service dates after the member’s date of death, the Department received and paid claims resulting in questioned costs totaling \$20,061.

Recommendation – The Department should implement procedures to review instances where a date of death is identified for a member even though the date of birth or social security number may not agree between the list of deceased individuals and MMIS. If a member is determined to be deceased, the Department should initiate recoupment procedures for any services provided after the member’s date of death.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2020

Response and Corrective Action Planned – The Department agrees that the eligibility worker who processed this member’s Medicaid application did not follow the correct process when making an eligibility determination. The worker failed to correctly verify and record the member’s date of death in the eligibility system. The worker has been made aware of the error and in February 2021 took the appropriate action to close Medicaid. The worker has been provided with business process and job aids for review.

Due to the worker failing to correctly verify and record the member’s date of death in the eligibility system, this had an impact on the date of death data transfer to MMIS. The Program Integrity (PI) unit performs data analytics to match capitation and Fee-For-Service claims against Medicaid members death date to identify improper payments made for services provided after date of death. This process includes operational procedure to recover any overpayments identified from this analysis. Through this procedure, the Department identified an overpayment of \$20,061.29 for the one case identified by the Auditor, which was recovered through claims adjustments and adjudicated on April 28, 2021.

Conclusion – Response accepted.

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

No matters were reported.

Other Findings Related to Internal Control:

(1) Intermediate Care Facility – Intellectual Disabilities (ICF/ID)

Criteria – A person is eligible for Medicaid payments at an ICF/ID if the level of care provided is determined to be reasonable, medically necessary and appropriate. A person who has been approved for Medicare at a particular level of care is eligible for the same level of care under Medicaid. After a level of care determination has been completed by a medical professional, Title 8-I-9 of the Employees’ Manual provides form 470-0042, Case Activity Report (CAR), be submitted by the facility to verify the member’s admission to the facility and Medicare coverage.

Condition – For five of the 25 case files reviewed, the case file did not contain the CAR, form 470-0042.

Cause – Although the Department has established policies regarding case file documentation, the policies were not followed.

Effect – Payments could be made to ineligible recipients or for improper amounts.

Recommendation – The Department should establish procedures to ensure case file documentation includes the CAR, form 470-0042, in compliance with the Employees’ Manual.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2020

Response – Health and Human Services has set policies and procedures in place for the eligibility determination process for the ICF/ID coverage group. There were five cases the Department could not locate the case activity report, however some of these ICF/ID cases have been active for many years and predate the electronic case conversions. Of the initial findings there were thirteen CAR's missing. HHS field staff were able to obtain copies of seven CAR's were located and the remaining five were unable to be located from the providers. The Department will continue to emphasize with staff the importance of maintaining case file documentation.

Conclusion – Response accepted.

(2) In-Home Health Care (IHHC)

Criteria – In-home health-related care (IHHC) is a state supplementary assistance program to provide health care in the home, prevent out of home placement and to preserve independent self-care. Title 18-C(6)-25 of the Employees' Manual provides the Physician's Report, form 470-0673, should be completed annually by the physician. The form also allows the client to give consent for the physician to release information to the Department.

Condition – During the fiscal year, ten IHHC case records were reviewed for compliance with Department policy. The following conditions were noted:

- (A) For two, the Physician's Report was not completed timely.
- (B) For three, the Physician's Report was not signed by the client to give consent for physician to release information to the Department.

Cause – Staff may not be familiar with the Physician's Report, form 470-0673 and the frequency requirements for review, and/or time constraints make it difficult to gather/complete the required information.

Effect – Payments could be made to ineligible recipients.

Recommendation – The Department should establish procedures to ensure the Physician's Report, form 470-0673 is completed as required by the Employees' Manual.

Response – All individual findings have been made available to DHS managers to review with their staff in an effort to emphasize the importance of following policy and procedures and to answer any questions that might arise.

Conclusion – Response accepted.

(3) Foster Care (Title IV-E)

Criteria – The Title IV-E program provides assistance payments for maintenance, adoption assistance and voluntary foster care for children placed in care outside their home. Assistance payments can be paid on behalf of a child if certain requirements are met.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2020

Condition – During the fiscal year, five county offices were visited where a limited review of case records was performed. As part of this limited review, 13 case records were reviewed for completeness. Also, an additional seventy-five case files were reviewed for compliance with Department policy. The following conditions were noted:

- (A) Title 17-E-125 of the Employees' Manual provides for licensed foster families to receive monthly basic maintenance payments for caring for children in their home. Add-ons to the basic maintenance payment are available for behavioral needs, sibling groups and transportation for visits. If an add-on is received for behavioral needs, an add-on for sibling groups or transportation for visits is not allowed. For six cases reviewed, a transportation or sibling add-on was received while also receiving an add-on for behavioral needs.
- (B) Title 17-E-126 of the Employees' Manual provides for licensed foster families to receive an add-on to the basic maintenance payment for providing care to a special needs child. The add-on shall be based on an assessment of the child's needs using Form 470-4401, Foster Child Behavioral Assessment. This form shall be signed by the Department worker and the worker's supervisor. For 10 cases reviewed, form 470-4401 was missing, the form was not filled out in its entirety, or the effective date of the additional payment was prior to the date of the supervisor's signature.
- (C) Title 13-B-29 of the Employees' Manual requires that for a voluntary placement agreement to be valid; it must be signed by both the parent or legal guardian and a Department representative. For one case reviewed, the voluntary placement agreement was not signed by both parties.
- (D) Title 17-E-44 of the Employees' Manual provides for the completion of a placement agreement for foster family care using form 470-0716, Foster Family Placement Contract. This form establishes the daily maintenance payment for foster care and shall be signed by the Department and the foster parents. For two cases reviewed, form 470-0716 was not signed by both parties prior to the first maintenance payment.
- (E) Title 17-E-165 of the Employees' Manual requires the child's case permanency plan must be reviewed at least every six months. For five cases reviewed, case permanency plans were not reviewed or completed every six months.
- (F) Title 17-E-142 of the Employees' Manual provides for childcare services reimbursement to foster families for childcare services provided by a licensed childcare provider. For two cases reviewed, childcare services were reimbursed for services not provided by a licensed childcare provider.
- (G) Title 13-G-78 of the Employees' Manual provides a maximum rate of payment based on the child's age and type of provider for childcare assistance. For six cases reviewed, childcare was reimbursed at a rate higher than the maximum allowed childcare rate. In addition, for one case reviewed, childcare was reimbursed at a rate higher than the childcare provider's approved rate.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2020

- (H) Title 17-E-143 of the Employees' Manual requires the receipt of a bill or invoice, with receipt attached, from the foster parent for childcare expenses incurred before issuing a payment. For two cases reviewed, support for childcare reimbursements could not be located. In addition, for four cases reviewed, detailed support for childcare reimbursements was not maintained to determine if payments were proper.
- (I) The Family and Children's Services (FACS) system accounts for children receiving foster care services and generates monthly maintenance payments and payments for certain other allowable expenses, such as clothing and childcare. For two cases reviewed, payments for a clothing allowance were incorrectly coded in FACS as childcare expenses.

Cause – Although the Department has established policies regarding foster care eligibility and maintenance payments, the policies were not followed.

Effect – Payments could be made to ineligible recipients.

Recommendation – The Department should establish procedures to ensure compliance with the Employees' Manual. The Department should review cases identified and determine if recoupment should be performed.

Response – All individual findings have been made available to DHS managers to review with their staff in an effort to emphasize the importance of following policy and procedures and to answer any questions that might arise. Reporting around Case Permanency Plan and reviews is being enhanced to make it easier for staff and Supervisors to keep track of plans and reports coming due.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were reported.

Report of Recommendations to the Iowa Department of Human Services

June 30, 2020

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Deputy
Jennifer L. Wall, CPA, Manager
Alex N. Kawamura, CPA, Manager

Other individuals who participated in the audits include:

Karen L. Brustkern, CPA, Manager
Luke M. Bormann, CPA, Senior Auditor II
Micaela A. Tintjer, CPA, Senior Auditor II
Bianca M. Cleary, Senior Auditor
Taylor A. Hepp, Senior Auditor
Ronica H. Drury, Staff Auditor
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Silvester K. Rutto, Staff Auditor
Brandon G. Sommers, Staff Auditor
Megan A. Waldbillig, Staff Auditor
Sally S. Downing, Assistant Auditor
Mackenzie A. Niday, Assistant Auditor
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