



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Des Moines, Iowa 50319-0006

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Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

April 10, 2026

Contact: Pam Bormann
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Health and Human Services for the year ended June 30, 2022.

The Iowa Department of Health and 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 three findings related to the Department. The findings are reported on pages 5 through 8 of this report. Sand recommended the Department establish policies and procedures to ensure compliance with the Department's Employees' Manual.

All of the findings discussed above are repeated from the prior year. Management of the Iowa Department of Health and Human Services has 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 HEALTH AND HUMAN SERVICES**

JUNE 30, 2022

Iowa Department of Health and Human Services



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Rob Sand
Auditor of State

March 31, 2026

Iowa Department of Health and Human Services
Des Moines, Iowa

To Members of the Iowa Department of Health and Human Services:

I am pleased to submit to you the Report of Recommendations for the Iowa Department of Health and Human Services for the year ended June 30, 2022. The report includes findings pertaining to the Department's internal control which resulted from the fiscal year 2022 audit.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Department of Health and 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 that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand
Auditor of State

Iowa Department of Health and Human Services



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Rob Sand
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March 31, 2026

To the Members of the Iowa Department of Health and Human Services:

The Iowa Department of Health and 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, 2022.

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 pertain 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 Health and 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 Health and Human Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Health and 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 9 and they are available to discuss these matters with you.

A handwritten signature in black ink that reads "Pam Bormann".

Pam Bormann, CPA
Deputy Auditor of State

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

June 30, 2022

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) 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 4, 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.”

Condition – A computer match of payment data was performed for cases receiving both FIP and foster care payments during fiscal year 2022. We reviewed 58 cases receiving both FIP and foster care payments during the same month of service. Of the 58 cases reviewed, 10 children, or 17.2%, received both FIP and foster care payments for an additional one to five 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 2022. We reviewed 49 cases receiving both FIP and subsidized adoption payments during the same month of service. Of the 49 cases reviewed, one case, or 2%, improperly received both FIP and subsidized adoption payments for an additional four months after entering subsidized adoption. As a result, the unallowable FIP payments for this case totaled \$609.

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 followed.

Report of Recommendations to the Iowa Department of Health and Human Services

June 30, 2022

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. In addition, 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.

Recommendation – The Department should review its policies and establish procedures which comply with federal regulations to identify concurrent FIP and foster care payments and concurrent FIP and subsidized adoption payments. The Department should review cases identified and determine if recoupment should be performed.

Response – All duplicate benefits subject to recoupment were completed at the time of the audit findings. This audit covered state fiscal year 2022. Since that time, a guidebook and training were developed and provided to workers to better inform them of how to avoid duplicate assistance issues and when to establish an overpayment.

Conclusion – Response accepted.

2) In-Home Health Related Care (IHHRC) Physician Report

Criteria – In-home health-related care (IHHRC) 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 fiscal year 2022, seven county offices were visited where a limited review of six case records was performed. The following conditions were noted:

- (A) For three cases reviewed, the Physician's Report was not completed timely.
- (B) For two cases reviewed, the Physician's Report was not reviewed and recertified by the Physician every 60 days.

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 Employee's Manual.

Response – The department recognizes that inconsistent case documentation practices have occurred in the IHHRC program. Technical Assistance on reporting requirements and best practices to meet or exceed the requirements are being provided on an on-going basis to service workers at monthly program meetings and one-on-one when necessary. Additionally, a thorough review of the Program Manual is underway to ensure clarity and a plan is in place to modernize case files into an electronic format and/or technology platform for easier documentation and case review. Activities to conduct a comprehensive program review and standardization began January 2026. This, along with Red Tape Review and Policy Manual updates can be expected by July 1, 2026. Modernizing the case management processes and document requires a thoughtful technology build-out that could begin January 1, 2027.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Health and Human Services

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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.

Condition – During fiscal year 2022, seven county offices were visited where a limited review of case records was performed. As part of this limited review, 21 case records were reviewed for completeness. Also, an additional 40 case files were reviewed for compliance with Department policy. The following conditions were noted:

- (A) Title 13-G-78 of the Employees' Manual provides the maximum payment rate allowed for reimbursement of childcare. For one case reviewed, childcare was reimbursed at a rate higher than the maximum allowed childcare rate.
- (B) Title 17-E-126 of the Employees' Manual provides that licensed foster families can 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 13 cases reviewed, Form 470-4401 was not completed in its entirety or not signed by the supervisor prior to the payment of the additional daily payment.
- (C) Title 17-E-69 of the Employees' Manual requires the assigned Department service worker shall personally visit each child in out-of-home care at least once every calendar month. For 13 cases reviewed, a child in out-of-home care did not receive a visit at least once every calendar month.
- (D) Title 18-C(2)-38 of the Employee's Manual requires the initial family case plan must be completed and filed within 25 calendar days. For three cases reviewed, the initial case plan wasn't completed within 25 days of the child entering foster care.
- (E) Title 18-D(1)-80 of the Employees' Manual provides to the extent that the foster child's escrow funds are insufficient or not available, the service area manager or designee may authorize reimbursement to foster parents for tangible goods or child care services. For two cases reviewed, reimbursements were not supported by an invoice.
- (F) Title 18-D(1)-73 of the Employees' Manual provides if the case permanency plan includes providing transportation related to family or preplacement visits outside the community in which the foster family lives, the Department may authorize an additional maintenance payment of \$1 per day for expenses over the monthly maintenance payment.

Title 18-D(1)-72 of the Employees' Manual provides the \$1 transportation add-on is only applicable for the basic maintenance rate. For two cases reviewed, the transportation add-on was applied to an individual receiving a basic maintenance plus rate.

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 if information is not maintained in accordance with requirements in the Employees' Manual.

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.

Report of Recommendations to the Iowa Department of Health and Human Services

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Response – The department has reviewed each instance described in these findings and acknowledges the issues identified. Corrective actions have been completed as appropriate for each specific case and staff involved have been retrained where needed. Policy clarifications have been provided to ensure all staff remain informed of requirements for reimbursement rates and applicability, timely completion of case plans, face-to-face visits with children, supervisor sign-off on childcare payments, and completion of the foster care behavioral assessment. Additionally, since these errors occurred in 2021, HHS has added a dedicated trainer to each child protective services area to improve staff knowledge of policy and practice.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were reported.

Report of Recommendations to the Iowa Department of Health and Human Services

June 30, 2022

Staff:

Questions or requests for further assistance should be directed to:

Pamela J. Bormann, CPA, Deputy
Jennifer L. Wall, CPA, Director
Alex N. Kawamura, CPA, Manager

Other individuals who participated in the audits include:

Taylor A. Hepp, Senior Auditor II
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Amila Tursunovic, Staff Auditor
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Matthew F. Perry, Assistant Auditor
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