

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

October 14, 2013

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released a combined report on the institutions under the control of the Iowa Department of Human Services. The report includes findings and recommendations and average cost per resident/patient information for the five years ended June 30, 2012.

The average annualized cost per resident/patient at the nine institutions under the control of the Iowa Department of Human Services ranged from \$105,799 at the State Training School – Eldora to \$326,647 at the Woodward Resource Center and \$436,269 at the Mental Health Institute - Cherokee for the year ended June 30, 2012. Total General Fund expenditures for the nine institutions decreased 0.5% during the five year period to approximately \$221 million, the average number of residents/patients decreased 17.5%, from 1,104 to 911, and the average daily cost per resident/patient increased 20.2%, from \$552.65 to \$644.46, over the same period.

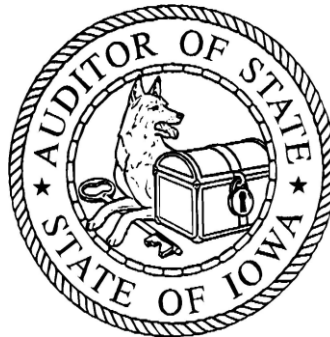
Copies of the report are available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1362-8990-BR00.pdf>.

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**COMBINED REPORT ON THE INSTITUTIONS UNDER THE
CONTROL OF THE IOWA DEPARTMENT OF HUMAN SERVICES
SCHEDULES
FINDINGS AND RECOMMENDATIONS**

JUNE 30, 2012

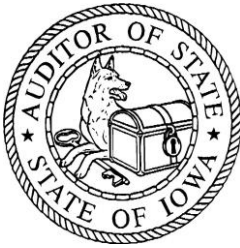
Office of
**AUDITOR
OF STATE**
State Capitol Building • Des Moines, Iowa



Mary Mosiman, CPA
Auditor of State

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October 10, 2013

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


The Institutions under the control of the Iowa Department of Human Services are a part of the State of Iowa and, as such, have 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, 2012.


In conducting our audits, we became aware of certain aspects concerning the various Institutions' 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 internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with applicable Institution personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Institutions' responses, we did not audit the Institutions' responses and, accordingly, we express no opinion on them.

We have also included certain unaudited financial and other information for the Institutions under the control of the Iowa Department of Human Services for the five years ended June 30, 2012 to report an average cost per resident/patient at each Institution as required by Chapter 11.28 of the Code of Iowa.

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, the Institutions under the control 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 Institutions 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 Institutions are listed on pages 30, 31, 32, 34, 36, 37, 38, 40 and 41 and they are available to discuss these matters with you.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Iowa Department of Human Services

Overview

Background

In accordance with Chapter 218 of the Code of Iowa, the Iowa Department of Human Services has the authority to control, manage, direct and operate the following institutions:

Mental Health Institute - Clarinda – The Institute has been serving the citizens of Southwest Iowa since 1888. The function of this Institute is to promote good mental health practices and to provide high level care for persons with mental illness. Levels of care provided are adult in-patient psychiatric and gero-psychiatric.

Mental Health Institute - Mount Pleasant – The Institute was established on February 2, 1861. Major goals and objectives of the Institute are to be responsive to the community-oriented patient care needs of the population it serves, without duplicating services already provided in the community. Levels of care provided are adult in-patient psychiatric and dual diagnosis.

Mental Health Institute - Cherokee – The Institute was founded in 1902. The Institute is responsible for furnishing psychiatric services to citizens of Northwest Iowa counties to the extent such services are not provided by other sources. Levels of care provided are adult in-patient psychiatric and child and adolescent in-patient psychiatric.

Mental Health Institute - Independence – The Institute was established on May 1, 1873. The Institute is a fully accredited psychiatric care hospital and provides treatment for mentally ill adults, adolescents and children. Levels of care provided are adult in-patient psychiatric, child and adolescent in-patient psychiatric and psychiatric-medical institute for children.

Woodward Resource Center – The Resource Center was established in 1917. The Center is a residential facility for the mentally retarded and provides treatment, training, instruction, care, habilitation and support of persons with an intellectual disability or other disabilities in the State.

Glenwood Resource Center – The Resource Center was established on September 1, 1876. The Center is a residential facility for the mentally retarded and provides treatment, training, instruction, care, habilitation and support of persons with an intellectual disability or other disabilities in the State.

State Juvenile Home - Toledo – The Juvenile Home was established on October 21, 1920. This Institution is a structured, non-secure co-ed facility serving juveniles under 17 who are residents of the State of Iowa in need of assistance. The residents are committed by the juvenile courts as dependent or neglected or are committed voluntarily through application to the County Board of Supervisors and the Iowa Department of Human Services. The children become wards of the State to receive educational, medical, diagnostic treatment and limited employment programs to help them attain productive and satisfying citizenship in a free society.

State Training School - Eldora – The Training School was established in 1868. The Institution is a minimum security facility for boys between the ages of twelve and eighteen who have been adjudicated delinquent by the juvenile courts of the State of Iowa. Effective January 1, 1992, a diagnosis and evaluation center and other units were established to provide juvenile delinquents a program which focuses upon appropriate developmental skills, treatment, placement and rehabilitation.

Iowa Department of Human Services

Overview

Civil Commitment Unit for Sexual Offenders (CCUSO) – The Civil Commitment Unit for Sexual Offenders was established in 1999. The Unit provides treatment for sexually violent predators in a secure facility located in Cherokee, Iowa. The residents have completed their criminal sentences, have been identified as a high risk for a repeat offense and are committed through a civil action by order of the courts.

Different levels of care are provided at each of the Mental Health Institutes. They are:

Adult In-patient Psychiatric – This program, licensed as a hospital, represents traditional, in-hospital psychiatric care for persons 18 years of age and older. It includes 24-hour nursing care and 24-hour medical and psychiatric on call coverage.

Child and Adolescent In-patient Psychiatric – This program, licensed as a hospital, represents traditional, in-hospital psychiatric care for persons under 18 years of age. It includes a required educational component and 24-hour nursing care and 24-hour medical and psychiatric on-call coverage.

Gero-Psychiatric – This program, licensed as nursing home care, represents 24-hour custodial care for persons declared disabled or over age 65. There is some level of 24-hour nursing care and periodic medical and psychiatric care. Generally, these persons are beyond the capacity of community providers to care for.

Psychiatric-Medical Institute for Children (PMIC) – This program, licensed as a PMIC, represents 24-hour care and behavior management for persons 12 to 17 years of age requiring intensive behavioral treatment modalities. There is periodic nursing and psychiatric coverage. Generally, these children are beyond the care of privately administered PMIC's in the state.

Dual Diagnosis – This program represents a 28-day residential substance dependence treatment program for persons with co-morbid mental illness. There is periodic nursing, medical and psychiatric coverage. It is the only program for this population in the state of Iowa.

Scope and Methodology

We have calculated an average cost per resident/patient at each Institution for the five years ended June 30, 2012 based on their General Fund expenditures. Certain reclassifications and changes have been made to these expenditures to provide comparable averages between Institutions. Therefore, expenditure amounts and cost per resident/patient averages may differ from those used for statewide financial statement purposes. These reclassifications and changes are as follows:

- (1) Operating transfers, primarily reimbursements to other state agencies for services, have been reclassified as expenditures for purposes of this report.
- (2) At the inception of a capital lease, total principal payments are recorded as expenditures and as other financing sources for statewide purposes. For purposes of this report, only the current year principal and interest payments are included as expenditures.
- (3) Canteen operations have been excluded from General Fund expenditures since the canteen is a self-supporting operation at each Institution.
- (4) Non-cash assistance, consisting of USDA commodities, has been excluded from General Fund expenditures.

Iowa Department of Human Services

Overview

Median stay information was not calculated or presented in the accompanying average cost per resident/patient schedule for the resource centers or juvenile facilities since the median stay tends to be for a much longer period.

The average annualized cost per resident/patient is calculated using the average number of occupied resident beds. Since the median stay at the Mental Health Institutes tends to be less than the stay at the other Institutions, the cost per stay was calculated for each of the Mental Health Institutes. This represents the average cost for the median stay of each patient admitted.

Summary Observation

The Mental Health Institute – Cherokee provides significant outpatient services not performed by other Institutions. Adequate statistical data on outpatient services, including the amount and cost of services provided by year, was not readily available. Accordingly, the cost per resident/patient information at the Mental Health Institute - Cherokee is not comparable to other Institutions and may not be comparable between years at the Mental Health Institute - Cherokee. The amount of support services the Mental Health Institute – Cherokee provided for the Civil Commitment Unit for Sexual Offenders is reported as reallocated support services costs on Schedules 2, 3, 4, 5 and 6 on pages 16 through 25.

The Woodward Resource Center and the Glenwood Resource Center also provide significant supported community living services, respite and supported employment services which are paid through Iowa Medicaid and Community Based Services (HCBS) Waivers. The cost of providing these services is included in the cost per resident calculation. However, the number of individuals served is not included in the average number of residents.

The average annualized cost per resident/patient ranged from \$105,799 at the State Training School – Eldora to \$326,647 at the Woodward Resource Center and \$436,269 at the Mental Health Institute – Cherokee for fiscal year 2012.

Over the last five fiscal years, total General Fund expenditures decreased 0.5%, from \$222,693,973 in 2008 to \$221,548,689 in 2012, the average number of residents/patients decreased 17.5%, from 1,104 to 911, and the average daily cost per resident/patient increased 20.2%, from \$552.65 to \$664.46.

Median stay ranged from 10 days to 47 days at the four Mental Health Institutes for fiscal year 2012.

Iowa Department of Human Services

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2008					
	Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
Mental Health Institute - Clarinda	46	93	\$ 196,548	538.49	19	\$10,231
Mental Health Institute - Mt. Pleasant	60	106	144,064	394.70	28	11,052
Mental Health Institute - Cherokee	40	212	362,275	992.53	13	12,903
Mental Health Institute - Independence	84	280	259,768	711.69	36	25,621
Woodward Resource Center	235	717	247,023	676.77		
Glenwood Resource Center	326	927	242,674	664.86		
State Juvenile Home - Toledo	76	118	117,810	322.77		
State Training School - Eldora	166	194	89,716	245.80		
Civil Commitment Unit for Sexual Offenders	71	84	108,292	296.69		
Total	1,104	2,731	\$ 201,716	552.65		

Year ended June 30, 2009						Year ended June 30, 2010					
Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay	Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
44	92	\$ 209,599	574.24	8	\$4,594	47	85	\$ 182,805	500.83	9	\$4,508
66	107	137,009	375.37	26	9,760	71	97	120,963	331.41	28	9,279
38	205	376,881	1,032.55	14	14,456	34	194	387,690	1,062.17	15	15,932
82	278	273,346	748.89	37	27,709	78	262	274,225	751.30	48	36,062
218	729	288,813	791.27			205	724	318,359	872.22		
314	932	260,964	714.97			300	922	269,879	739.39		
72	123	125,631	344.19			75	114	115,320	315.95		
160	201	96,100	263.29			141	188	99,726	273.22		
78	92	114,036	312.43			80	89	121,179	332.00		
<u>1,072</u>	<u>2,759</u>	<u>\$ 217,557</u>	<u>596.05</u>			<u>1,031</u>	<u>2,675</u>	<u>\$ 223,456</u>	<u>612.21</u>		

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident/Patient by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2011					
	Average Number of Residents/ Patients	Average Number of Em- ployees	Average Annualized Cost per Resident/ Patient	Average Daily Cost per Resident/ Patient	Median Stay (Days)	Cost per Stay
Mental Health Institute - Clarinda	40	80	\$ 207,391	568.19	9	\$5,114
Mental Health Institute - Mt. Pleasant	63	92	134,204	367.68	29	10,663
Mental Health Institute - Cherokee	27	157	421,601	1,155.07	12	13,861
Mental Health Institute - Independence	59	233	345,732	947.21	44	41,677
Woodward Resource Center	201	711	301,855	827.00		
Glenwood Resource Center	286	883	276,437	757.36		
State Juvenile Home - Toledo	60	103	141,266	387.03		
State Training School - Eldora	143	169	92,764	254.15		
Civil Commitment Unit for Sexual Offenders	81	88	123,141	337.37		
Total	960	2,516	\$ 229,147	627.80		

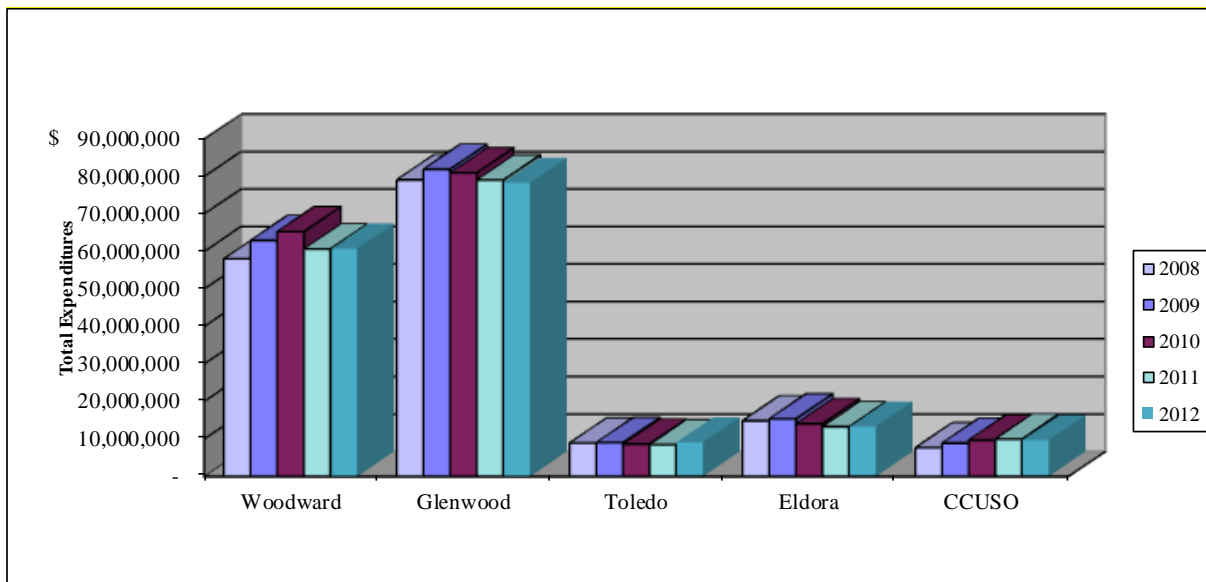
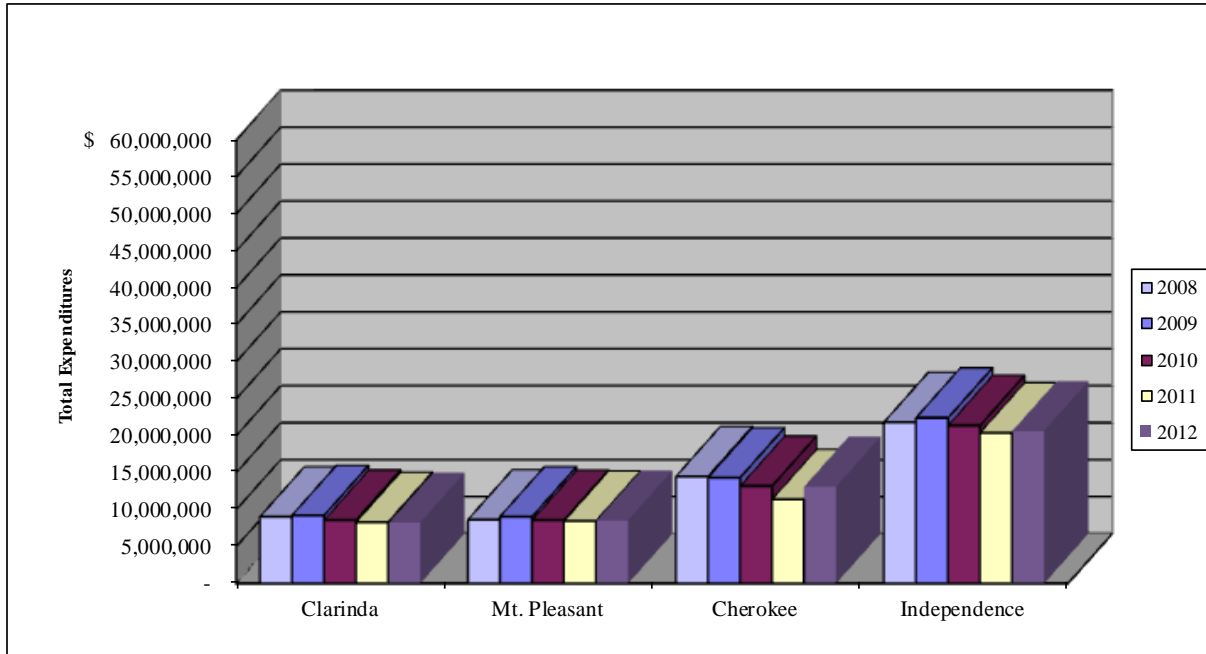
Year ended June 30, 2012					
Average	Average	Average	Average	Median	Cost
Number of	Number	Annualized	Daily	Stay	per
Residents/ Patients	of Em- ployees	Cost per Resident/ Patient	Cost per Resident/ Patient	(Days)	Stay
32	77	\$ 256,644	701.21	10	\$7,012
64	92	133,215	363.97	27	9,827
30	172	436,269	1,191.99	12	14,304
60	226	343,365	938.16	47	44,093
186	703	326,647	892.48		
268	882	292,046	797.94		
54	109	167,745	458.32		
126	166	105,799	298.07		
91	93	106,666	291.44		
911	2,520	\$ 243,193	664.46		

Iowa Department of Human Services

Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident by Institution
Total Expenditures
(Unaudited)

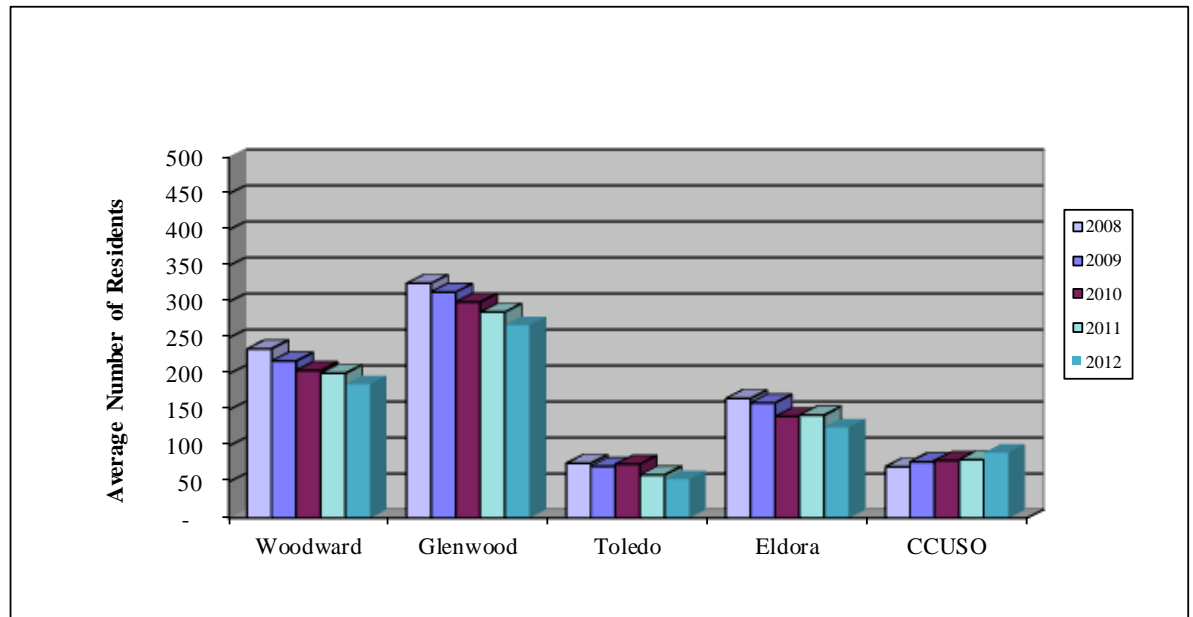
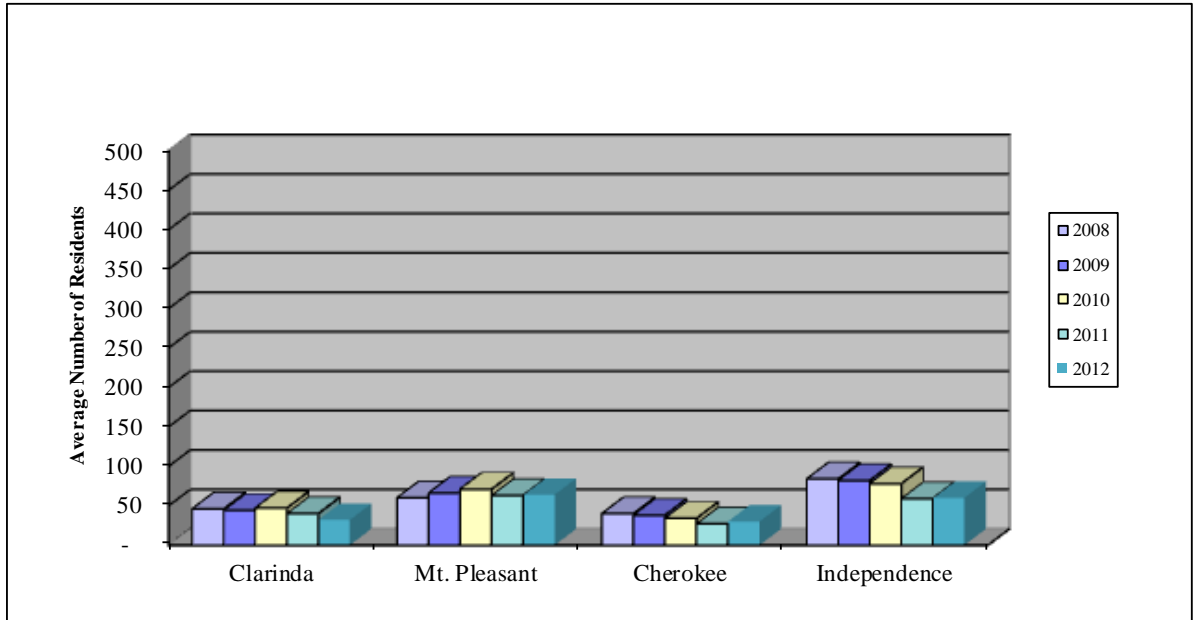
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident by Institution
Average Number of Residents
(Unaudited)

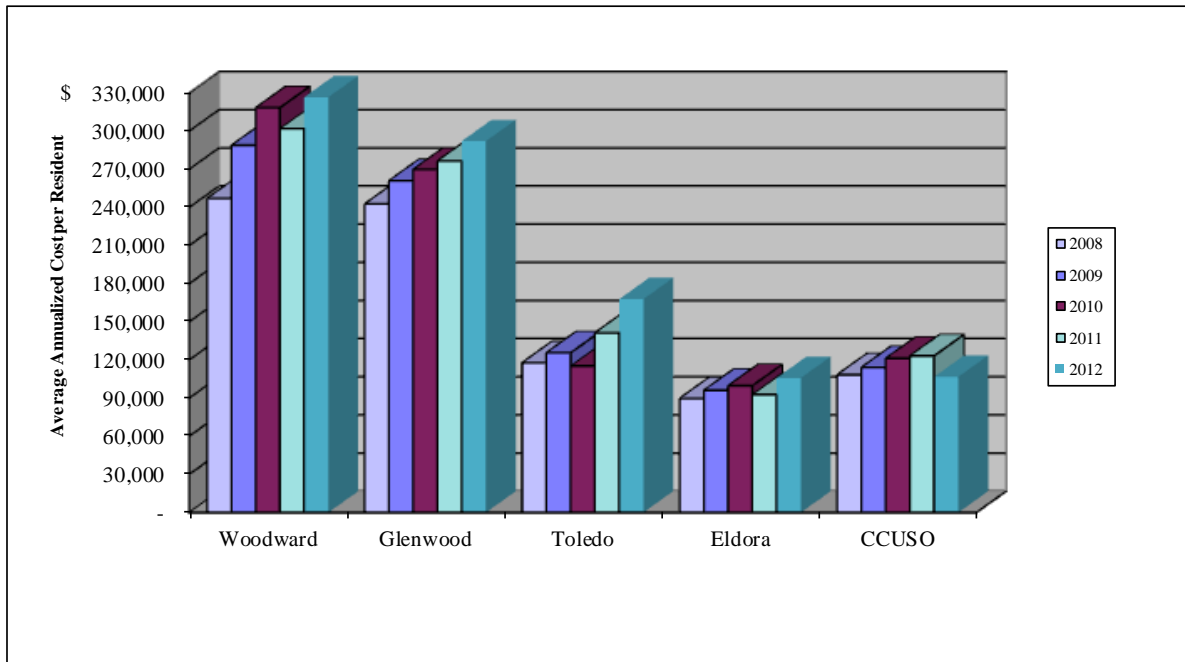
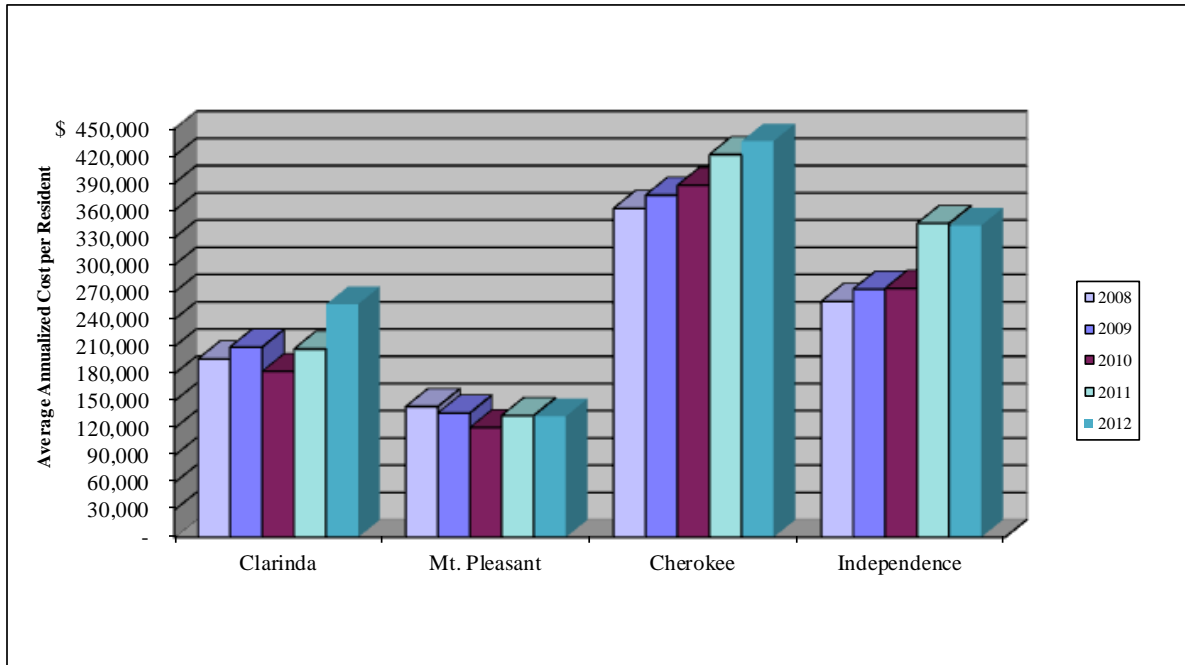
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Human Services

Average Cost Per Resident by Institution
 Average Annual Cost per Resident
 (Unaudited)

For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2008

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 7,391,770	7,216,650	13,682,846	18,417,624	47,143,096
Travel	40,638	33,797	43,114	58,315	495,664
Supplies and materials	990,920	532,517	977,555	987,342	3,634,099
Contractual services	554,287	773,252	1,535,253	2,031,591	4,946,799
Capital outlay	63,397	86,227	231,219	323,034	1,689,921
Claims and miscellaneous	126	405	1,409	1,035	140,380
Licenses, permits and refunds	85	1,010	505	1,578	407
Aid to individuals	-	-	-	-	-
Total before reallocations	<u>\$ 9,041,223</u>	<u>8,643,858</u>	16,471,901	<u>21,820,519</u>	<u>58,050,366</u>
Reallocated support services costs (see page 6)			<u>(1,980,918)</u>		
Total			<u>\$ 14,490,983</u>		

Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
60,378,764	7,221,028	12,104,745	5,091,505	178,648,028
440,068	33,390	60,763	65,017	1,270,766
6,366,174	695,767	752,121	106,345	15,042,840
8,314,399	759,312	1,554,480	274,163	20,743,536
3,073,359	236,224	400,995	169,134	6,273,510
532,949	6,139	14,524	1,678	698,645
5,939	1,676	5,222	-	16,422
226	-	-	-	226
<u>79,111,878</u>	<u>8,953,536</u>	<u>14,892,850</u>	<u>5,707,842</u>	<u>222,693,973</u>
			<u>1,980,918</u>	
			<u>7,688,760</u>	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2009

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 7,529,126	7,385,240	13,819,279	19,051,691	50,053,247
Travel	84,462	22,152	44,692	73,630	580,285
Supplies and materials	897,809	580,518	1,222,413	965,007	4,149,086
Contractual services	591,079	979,587	950,191	2,077,976	6,129,541
Capital outlay	119,038	73,686	307,189	240,646	1,901,365
Claims and miscellaneous	359	840	331	3,149	147,139
Licenses, permits and refunds	465	-	780	2,309	607
Aid to individuals	-	540	-	-	-
Total	<u>\$ 9,222,338</u>	<u>9,042,563</u>	16,344,875	<u>22,414,408</u>	<u>62,961,270</u>
Reallocated support services costs (see page 6)			<u>(2,023,410)</u>		
Total			<u>\$ 14,321,465</u>		

Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
62,500,842	7,651,720	12,287,820	5,827,528	186,106,493
254,567	17,633	55,147	7,240	1,139,808
6,584,419	677,889	855,556	786,475	16,719,172
9,289,745	659,861	1,849,605	195,958	22,723,543
2,785,072	29,723	307,860	53,657	5,818,236
520,882	4,332	18,818	569	696,419
7,116	4,288	1,167	-	16,732
-	-	-	-	540
<u>81,942,643</u>	<u>9,045,446</u>	<u>15,375,973</u>	<u>6,871,427</u>	<u>233,220,943</u>
			<u>2,023,410</u>	
			<u>8,894,837</u>	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2010

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 7,250,076	6,921,068	13,496,617	18,320,418	50,362,160
Travel	52,181	77,156	59,239	78,724	1,159,313
Supplies and materials	652,037	490,945	1,075,399	777,745	4,726,391
Contractual services	594,108	914,448	1,202,746	2,122,178	7,172,716
Capital outlay	42,725	183,274	121,510	86,222	1,742,716
Claims and miscellaneous	225	331	1,688	1,690	99,756
Licenses, permits and refunds	466	-	895	2,565	528
Aid to individuals	-	1,183	-	-	-
Total	<u>\$ 8,591,818</u>	<u>8,588,405</u>	15,958,094	<u>21,389,542</u>	<u>65,263,580</u>
Reallocated support services costs (see page 6)			<u>(2,776,626)</u>		
Total			<u>\$ 13,181,468</u>		

Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
61,197,320	7,198,717	11,598,464	5,900,877	182,245,717
1,079,322	70,078	100,344	10,653	2,687,010
6,130,446	671,346	579,128	729,698	15,833,135
9,275,428	653,344	1,552,170	267,289	23,754,427
2,704,880	49,760	214,712	9,050	5,154,849
573,001	3,765	13,260	146	693,862
3,354	2,026	3,343	-	13,177
-	-	-	-	1,183
<u>80,963,751</u>	<u>8,649,036</u>	<u>14,061,421</u>	<u>6,917,713</u>	<u>230,383,360</u>
			<u>2,776,626</u>	
			<u>9,694,339</u>	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2011

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 7,216,774	6,796,196	11,634,175	17,158,403	50,087,941
Travel	22,401	10,006	55,509	27,055	380,352
Supplies and materials	523,233	461,404	905,510	799,733	4,479,918
Contractual services	498,036	1,025,590	1,399,542	2,091,352	4,809,727
Capital outlay	34,698	159,299	144,081	318,639	804,932
Claims and miscellaneous	54	58	1,165	945	108,933
Licenses, permits and refunds	425	-	780	2,077	985
Aid to individuals	-	2,293	-	-	-
Total before reallocations	<u>\$ 8,295,621</u>	<u>8,454,846</u>	14,140,762	<u>20,398,204</u>	<u>60,672,788</u>
Reallocated support services costs (see page 6)			<u>(2,757,545)</u>		
Total			<u>\$ 11,383,217</u>		

Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
61,427,351	7,022,669	11,085,766	6,124,755	178,554,030
692,274	11,896	37,574	63,732	1,300,799
6,712,830	678,049	624,520	799,415	15,984,612
8,264,636	682,848	1,333,028	180,936	20,285,695
1,453,278	77,944	167,607	47,202	3,207,680
506,136	1,980	12,745	825	632,841
4,584	595	3,958	-	13,404
-	-	-	-	2,293
<u>79,061,089</u>	<u>8,475,981</u>	<u>13,265,198</u>	<u>7,216,865</u>	<u>219,981,354</u>
			<u>2,757,545</u>	
			<u>9,974,410</u>	

Institutions Under the Control of the Iowa Department of Human Services

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2012

	Mental Health Institute - Clarinda	Mental Health Institute - Mount Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Personal services	\$ 7,306,375	7,012,316	12,460,178	17,320,530	51,248,575
Travel	4,537	17,688	21,736	48,776	208,712
Supplies and materials	440,636	544,154	1,089,111	800,140	4,075,809
Contractual services	417,939	851,203	1,636,282	2,092,790	4,275,715
Capital outlay	42,315	98,133	565,380	336,189	876,745
Claims and miscellaneous	573	-	1,569	499	70,170
Licenses, permits and refunds	243	-	780	2,995	687
Aid to individuals	-	2,234	-	-	-
Total before reallocations	<u>\$ 8,212,618</u>	<u>8,525,728</u>	15,775,036	<u>20,601,919</u>	<u>60,756,413</u>
Reallocated support services costs (see page 6)			<u>(2,686,956)</u>		
Total			<u>\$ 13,088,080</u>		

Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders	Total
61,816,732	7,479,521	11,310,619	6,697,084	182,651,930
265,046	23,923	41,339	23,896	655,653
5,641,828	747,211	679,305	55,763	14,073,957
8,007,140	613,419	1,218,669	207,426	19,320,583
2,153,065	191,873	66,930	34,718	4,365,348
381,863	1,295	11,046	805	467,820
2,750	978	2,731	-	11,164
-	-	-	-	2,234
<u>78,268,424</u>	<u>9,058,220</u>	<u>13,330,639</u>	<u>7,019,692</u>	<u>221,548,689</u>
			<u>2,686,956</u>	
			<u>9,706,648</u>	

Institutions Under the Control of the Iowa Department of Human Services

Resident/Patient Population Statistics
(Unaudited)

Year ended June 30, 2012

	Mental Health Institute - Clarinda	Mental Health Institute - Mt. Pleasant	Mental Health Institute - Cherokee	Mental Health Institute - Independence	Woodward Resource Center
Population beginning of year	36	61	27	61	193
Admissions:					
First admissions	123	659	307	139	7
Readmissions	84	135	139	138	-
Returns:					
Home visits	-	1	-	183	-
Limited leaves	-	5	-	1	43
Temporary medical transfers	-	-	-	15	-
Unauthorized departures	-	2	-	-	-
Total admissions	207	802	446	476	50
Released:					
Discharges	210	791	441	277	16
Deaths	-	-	-	-	2
Home visits	-	1	-	183	-
Limited leaves	-	6	-	1	43
Temporary medical transfers	-	6	3	20	-
Other	-	-	-	-	-
Total released	210	804	444	481	61
Population end of year	33	59	29	56	182
Average number of residents/patients	32	64	30	60	186

Glenwood Resource Center	State Juvenile Home - Toledo	State Training School - Eldora	Civil Commitment Unit for Sexual Offenders
277	52	130	83
3	85	150	16
5	-	18	-
338	-	-	-
1	-	-	-
173	-	-	-
-	-	-	-
520	85	168	16
20	82	88	-
5	-	-	1
338	-	-	-
1	-	-	-
172	-	-	-
-	-	92	-
536	82	180	1
261	55	118	98
268	54	126	91

June 30, 2012

Findings Reported in the State’s Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

- (1) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check of those of another. Mail is not opened and distributed by someone other than accounting personnel. A list of receipts is not prepared by the mail opener. Responsibilities for collection and deposit preparation functions are not segregated from those for recording and accounting for cash receipts for the Sales and Collection, Contingent Fund, Patient and Entertainment Funds. Bank reconciliations were not performed timely and reviewed by an independent person or there was no written evidence of who performed the independent review.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Institute should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. Proper book to bank reconciliation procedures should be performed timely as a control over cash reporting. The reconciliations should be reviewed by an independent person and the reviews should be evidenced by the reviewer’s signature or initials and the date reviewed.

Response – The Institute will continue to review its options for reassignment of responsibilities among the current staff to improve our internal control. The Institute has made changes to our bank reconciliations so they are prepared timely. Bank reconciliations will be reviewed, signed, and dated by the Business Manager for all accounts each month.

Conclusion – Response accepted.

- (2) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each agency of the state to maintain a written, detailed and up-to-date inventory of property under its charge, control and management. The Institute is required to keep an up-to-date and accurate asset listing to track and maintain control over capital assets. This includes properly classifying additions and deletions for equipment and vehicles throughout the year, making additions and deletions to the capital asset listing and ensuring items are properly tagged.

The Institute does not have written guidelines for cost allocation of assets between Clarinda MHI and Clarinda Department of Corrections (DOC) identifying whether the asset belongs to the MHI or the DOC.

Recommendation – The Institute should establish guidelines for cost allocation and identifying capital assets between Clarinda MHI and Clarinda DOC.

Findings and Recommendations for the Mental Health Institute – Clarinda

June 30, 2012

Response – The Institute will review its policies for capital assets and establish guidelines for cost allocation and identifying capital assets between Clarinda MHI and Clarinda DOC.

Conclusion – Response accepted.

- (3) Timely Deposits – Pursuant to Chapter 12.10 of the Code of Iowa, the Institute must deposit ninety percent of all fees collected within ten business days succeeding the collection with the Treasurer of State. Of 54 receipts tested, 17 were not deposited timely.

Recommendation – The Institute should deposit fees collected within 10 business days succeeding the collection with the Treasurer of State

Response – The Institute will review its daily work flow and processes to make the timely deposit of fees a higher priority so all deposits will be made within ten business days.

Conclusion – Response accepted.

- (4) Payroll – The Institute processes and records payroll and personnel information on the Human Resource Information System (HRIS) The Human Resources Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. Certain individuals have the ability to initiate and approve P-1 documents.

Recommendation – The Institute should develop and implement procedures to segregate the duties of the Human Resources Associates.

Response – The Institute’s Human Resources Associates are very conscious of the need to separate the creation and approval of P1’s. Our internal process is you never create and approve a P-1 that impacts your own position. In those situations, the Business Manager would place the Institute’s approval on the P-1. We will continue to review options to strengthen this with the current staff as well as monitor our current approvals.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Findings and Recommendations for the Mental Health Institute – Clarinda

June 30, 2012

Staff:

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager
Tracey L. Gerrish, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Cory A. Lee, Staff Auditor
Ryan D. Baker, Assistant Auditor
Robert W. Endriss, CPA, Assistant Auditor
Philip A. Rethwisch, Assistant Auditor

June 30, 2012

Findings Reported in the State’s Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Manager
James H. Pitcher, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Tyler L. Carter, Staff Auditor
Jamie T. Reuter, Staff Auditor
W. Brad Corley, Assistant Auditor
Kelsey J. Kranz, Assistant Auditor
Eric L. Rath, Assistant Auditor

June 30, 2012

Findings Reported in the State’s Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Ronald D. Swanson, CPA, Manager
David C. McQuarry, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Laura E. Grinnell, Staff Auditor
Benjamin P. James, Assistant Auditor
Trisha S. Schroeder, Assistant Auditor
Margaret E. Schlerman, Assistant Auditor
Nicole L. Wilson, Assistant Auditor

June 30, 2012

Findings Reported in the State’s Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

- (1) Employee Logins – Employees are given unique employee login identification numbers when they are hired. Employee login identification numbers are not always removed timely from the system when an employee resigns and/or is terminated.

Recommendation - The Institute’s Information Technology Department should be notified in a timely manner of the separated employee’s identification number and, upon notification, should remove the separated employee’s access to the network and mainframe.

Response – The Human Resource Associate has been instructed to provide information to the Institute’s Information Technology Department on all employee departures due to termination, resignation or retirement so the employee’s log-in permissions can be deleted from the computer network and/or mainframe.

Conclusion – Response accepted.

- (2) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check of those of another. Various accounts are maintained by the Institute for the benefit of the Institute and residents. One individual is responsible for collecting, preparing the deposit and recording and accounting of cash receipts for the patient account and the non-profit accounts.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, upon receipt, an employee who is not authorized to make entries to the accounting records should prepare a listing of all cash and checks received for the accounts noted above. The cash and checks should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records by an individual not responsible for the receipt process.

Response – The receipting process for these two accounts will be reviewed and the duties segregated to the extent possible with current staff assigned to the Business Office.

Conclusion – Response accepted.

June 30, 2012

Finding Related to Statutory Requirements and Other Matters:

Lease Agreements – The Institution leases dwelling properties to eligible tenants. Rental rates have not been updated since fiscal year 2009. Per Chapter 218.14(2) of the Code of Iowa, rental rates are to be the fair market rental value of the dwelling. Iowa Department of Human Services (DHS) Employees’ Manual Title 24-C-16 states the fair market value of rental properties shall be determined no less frequently than once every two years. Although appraisals were performed on November 16, 2010 and October 12, 2012, rental rates have not been updated as necessary. In addition, eight of 20 properties tested had expired lease agreements.

Recommendation – Rental rates should be updated to the fair market value based on the most recent appraisals per Chapter 218.14(2) of the Code of Iowa and the DHS Employees’ Manual Title 24-C-16. In addition, current rental agreements should be maintained for all rental properties.

Response – The Institute will be issuing new rental agreements with all tenants effective July 1, 2013. The rental rates included in the new rental agreements will be updated based upon the current fair market value data obtained from the last review completed by our independent real estate agent. Future adjustments to rental rates will be made as required.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Suzanne R. Dahlstrom, CPA, Manager
Kelly L. Hilton, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Darryl J. Brumm, CPA, Senior Auditor II
Adam B. Bartz, Staff Auditor
W. Brad Corley, Staff Auditor
Andi J. Kauffman, CPA, Staff Auditor
Kelsey J. Kranz, Assistant Auditor
Jesse J. Probasco, Assistant Auditor

June 30, 2012

Finding Reported in the State's Single Audit Report:

CFDA Number: 93.778 – Medical Assistance Program

Agency Number: 1105IA5MAP, 1205IA5MAP

Federal Award Year: 2011, 2012

State of Iowa Single Audit Report Comment: 12-III-HHS-412-19

Home and Community Based Services (HCBS) Cost Report – Woodward Resource Center operated 12 waiver homes under the HCBS program. Each year, a cost report is prepared to report the actual costs for the fiscal year to operate the program. Each waiver home is shown separately on the cost report. Based on the cost report, the reimbursement rate for each home is determined. One component of the cost report is mileage charged for transporting residents of the waiver homes. Woodward Resource Center has two vehicles which are shared by two waiver homes. The mileage for these vehicles was allocated equally to each home rather than allocating actual mileage related to each of the waiver homes.

Recommendation – Woodward Resource Center should ensure the mileage costs charged to each waiver home are based on actual usage for the residents of the waiver home.

Response and Corrective Action Planned – Woodward Resource Center has changed the process to improve tracking of mileage for the cost report.

Conclusion – Response accepted.

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

No matters were noted.

Other Findings Related to Internal Control:

- (1) Inventory – Inventory balances on the GAAP Package at June 30, 2012 were overstated by \$63,029.

Recommendation – The Center should ensure inventory balances at the end of the year are recorded accurately.

Response – Woodward Resource Center will retrain staff on inventory data entry procedures.

Conclusion – Response accepted.

Findings and Recommendations for the Woodward Resource Center

June 30, 2012

- (2) Reconciliation of Medicare D Billings – A reconciliation of Medicare D billings to payments received is not performed.

Recommendation – A reconciliation of Medicare D billings to payments received should be performed monthly to detect and correct billing errors.

Response – Woodward Resource Center will continue to work with the vendor of computer program to develop the reports needed to perform a monthly reconciliation.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Pamela J. Bormann, CPA, Manager
Tiffany M. Ainger, CPA, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Leanna J. Showman, Staff Auditor
Jamie T. Reuter, Staff Auditor
Brooke A. Robb, Staff Auditor
Elissa R. Olson, Assistant Auditor

Findings and Recommendations for the Glenwood Resource Center

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Donna F. Kruger, CPA, Manager
Jessica P.V. Green, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Adam B. Bartz, Assistant Auditor
Robert W. Endriss, Assistant Auditor
Victor L. Kennedy, Assistant Auditor
Trisha S. Schroeder, Assistant Auditor
Laura M. Wernimont, Assistant Auditor
Benjamin D. Scieszinski, Auditor Intern

June 30, 2012

Findings Reported in the State’s Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Manager
Leanna J. Showman, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Jenny R. Lawrence, Staff Auditor
David C. McQuarry, CPA, Staff Auditor
W. Brad Corley, Staff Auditor
Margaret E. Schlerman, Assistant Auditor
Stephen J. Hoffman, Assistant Auditor

June 30, 2012

Findings Reported in the State’s Single Audit Report:

No matters were noted.

Findings Reported in the States Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

- (1) Segregation of Duties – One important aspect of internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over cash receipts collecting, journalizing and posting.

Recommendation – We realize with a limited number of office employees, segregation of duties is difficult. However, the School should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – The School shall review its internal controls over cash receipts and involve additional staff from other departments as warranted

Conclusion – Response accepted.

- (2) Receipts/Initial Listing – The School receives cash, checks and money orders in the Business Office and through the mail. Pre-numbered receipts are not prepared for all receipts received in the Business Office and an initial listing is not prepared for receipts received through the mail. Because pre-numbered receipts or an initial listing is not always prepared, the School is unable to determine if all receipts were deposited intact.

Recommendation – Pre-numbered receipts should be issued at the time of collection and the mail opener should prepare an initial listing of receipts to provide for controls over the collection and recording of all receipts. In addition, the School should review its receipting procedures.

Response – The School shall issue pre-numbered receipts for all collections and require the mail opener to maintain an initial listing of monies received. We will review receipting procedures.

Conclusion – Response accepted.

- (3) Restrictive Endorsement – A restrictive endorsement was not placed on all checks immediately upon receipt.

Recommendation – A restrictive endorsement should be placed on all checks when received to provide protection in case of theft or loss.

Response – The School shall place a restrictive endorsement on all checks when received.

Conclusion – Response accepted.

Findings and Recommendations for the State Training School – Eldora

June 30, 2012

- (4) Telephone Account Reconciliation – The School is using a web-based service to account for each resident’s telephone account and is maintaining a separate balance within the Amusement Fund for the total balance of the telephone account. An independent person is not performing a reconciliation of the telephone account to ensure the balance on the web-based system agrees to the account balance within the Amusement Fund.

Recommendation – An independent person should perform a reconciliation between the web-based system and the accounting records to ensure balances reconcile and are properly recorded.

Response – The School shall perform the reconciliation between the web-based system and the accounting record to determine if balances reconcile as recommended.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager
Jamie T. Reuter, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Andi J. Kaufman, Staff Auditor
William B. Corley, Staff Auditor
Thomas S. Hebert, Assistant Auditor
Jesse J. Probasco, Assistant Auditor

June 30, 2012

Findings Reported in the State’s Single Audit Report:

No matters were noted.

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

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Ronald D. Swanson, CPA, Manager
David C. McQuarry, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Andi J. Kaufman, CPA, Staff Auditor
Trisha S. Schroeder, Assistant Auditor