



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

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NEWS RELEASE

FOR RELEASE _____ November 18, 2016 _____

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released a report on the Iowa Department of Human Services for the year ended June 30, 2015.

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.

The report contains recommendations for the Department to:

- (1) Comply with established guidelines related to the Temporary Assistance for Needy Families (TANF) and Foster Care programs.
- (2) Improve controls in the field offices.

The report also includes the Department's responses to the recommendations.

A copy of the report is available for review at the Iowa Department of Human Services, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1660-4010-BR00>.

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

JUNE 30, 2015

Iowa Department of Human Services



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November 9, 2016

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 Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2015.

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 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 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 Iowa Department of Human Services 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.

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

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

June 30, 2015

Findings Reported in the State's Single Audit Report:

CFDA Number: 93.558 – Temporary Assistance for Needy Families

Agency Number: 1402IATANF, 1502IATANF

Federal Award Year: 2014, 2015

**State of Iowa Single Audit Report Comment: 15-III-HHS-401-1
(2015-010)**

- (1) Computer Match – Family Investment Program (FIP) – 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 non-relative, concurrent payment of benefits is only allowable in limited circumstances."

A computer match of payment data was performed for cases receiving both FIP and foster care payments during fiscal year 2015. We reviewed 98 cases receiving both FIP and foster care payments during the same month of service. Of the 98 cases reviewed, 12 children, or 12%, received both FIP and foster care payments for an additional one to four 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 2015. We reviewed 126 cases receiving both FIP and subsidized adoption payments during the same month of service. Of the 126 cases reviewed, 15 cases, or 12%, improperly received both FIP and subsidized adoption payments for an additional one to four months after entering subsidized adoption. As a result, the unallowable FIP payments for these 15 cases totaled \$5,971.

The errors appear to be due to employee oversight.

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.

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Response and Corrective Action Planned – In 2015, the error rate for FIP Foster Care and FIP Adoption errors dropped to 12% of the cases reviewed which reflects improvement over the past several years. These errors continue to occur because family circumstances often change and ensuring timely, appropriate adjustment to benefits requires timely, effective communication between Social Work and Eligibility staff.

All current errors were reviewed by the local Social Work and Eligibility Administrators and Supervisors. The cases were reviewed with the individual workers when appropriate. We also continue to emphasize the importance of timely communication of changes during training.

Additionally, initial work to improve system notices for Eligibility staff has been completed and training for Eligibility staff regarding system notices will begin in March 2016.

Conclusion – Response accepted.

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

No matters were noted.

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Other Findings Related to Internal Control:

- (1) Foster Care (Title IV-E) – The Title IV-E program provides assistance payments for maintenance, adoption assistance and voluntary foster care. Iowa Administrative Code 441-202.11(2) states, “The assigned department service worker shall personally visit each child in out-of-home care at least once every calendar month, with the frequency of the visits based upon the needs of the child.” Of forty cases reviewed, twelve did not have visits made at least once every month. The errors appear to be due to employee oversight.

Recommendation – The Department should ensure monthly visits are made in accordance with the Iowa Administrative Code.

Response – Each error was sent to the Social Work Administrator and Service Area Manager for review. The information was shared with the appropriate supervisors and discussed with the individual worker to reinforce the expectation of monthly visits. The requirement to visit each child every calendar month will be communicated to all social work staff during a monthly call prior to December 31, 2016.

Conclusion – Response accepted.

- (2) DHS Field Office Internal Controls – For fiscal year 2015, seven county offices and four Child Support Recovery Unit (CSRU) offices were visited. In conjunction with this limited review, the following conditions were noted:
 - (a) In two county offices, the person who opens the mail and receives the checks does not write the receipt.
 - (b) In two CSRU offices, the person who receives the checks does not always enter the receipt on the receipt log.
 - (c) In two CSRU offices, the yellow slip, which documents the date a receipt was received from the Collection Service Center was not properly dated. As a result, it could not be determined if the receipt was received from the Collection Service Center within thirty days as required by Title 23-B-5 of the Employees’ Manual.
 - (d) In two county offices and one CSRU office, receipts were not filled out in their entirety per the Employees’ Manual. Items which were not filled out included client name, warrant number and program.
 - (e) In one county office and two CSRU offices, the receipt was not included on the receipt log.

Recommendation – The Department should implement changes to strengthen internal controls.

Report of Recommendations to the Iowa Department of Human Services

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Response –

- (a) Field Operations: In both county offices, the errors and appropriate procedures were reviewed with the staff who manage the incoming mail.
- (b) Child Support: This item was addressed with staff who were reminded that each receipt is to be entered on the tracking log.
- (c) Child Support: The supervisors met with the receipt writing staff and stressed the importance of maintaining the yellow receipt and to date stamp it when returned from CSC.
- (d) Field Operations: In both county offices, the errors and appropriate procedures were reviewed with the staff who manage the incoming mail.

Child Support: The supervisors met with the receipt writing staff and stressed the importance of completing the receipt in its entirety.

- (e) Field Operations: The errors and appropriate procedures were reviewed with the staff who manage the incoming mail.

Child Support: The supervisors met with the receipt writing staff and stressed the importance of entering the receipt information on the tracking log.

Conclusion – Response accepted.

- (3) DHS Field Office – Case Records – For fiscal year 2015, seven county offices were visited. In one county office, the adoption subsidy agreement was not signed before the adoption was finalized as required by Title 13-B-124 of the Employees' Manual for one of six adoption cases reviewed. In one county office, there was no social security number for a child included on a FIP payment as required by Title 4-C-148 of the Employees' Manual for one of nine TANF cases reviewed.

Recommendation – The Department should establish procedures to ensure compliance with the Employees' Manual.

Response – The Social Work Administrator and the Income Maintenance Administrator reviewed the cases in error with the worker to reinforce the expectations in the Employees' Manual.

Conclusion – Response accepted.

- (4) Eligibility – Sixty Month Limitation – There is a sixty month limitation on FIP benefits unless a hardship exemption is approved. Title 4-C-72 of the Employees' Manual provides, in part, the individual must complete form 470-3826, Request for FIP Beyond 60 Months. Form 470-3876, Hardship Exemption Determination, is then completed to document the final hardship exemption determination. Form 470-3876 should be approved or denied within thirty days of receipt of form 470-3826. All documents should be included in the individual's case file. For one of twenty-five cases reviewed, the Income Maintenance worker did not make the hardship exemption determination within thirty days. The error appears to be due to employee oversight.

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Recommendation – The Department should implement procedures to ensure compliance with the Employees’ Manual.

Response – The single error was reviewed by the Income Maintenance Administrator and referred to the supervisor and discussed with the worker to prevent future occurrences.

Conclusion – Response accepted.

- (5) Intermediate Care Facility – Intellectual Disabilities (ICF/ID) – Placement in an Intermediate Care Facility is an optional Medicaid benefit for persons with intellectual disabilities or other related conditions.

Title 6-Appendix of the Employees’ Manual states, in part, form 470-0374, “ICF/ID Resident Care Agreement,” is to be completed by a worker at the county office of the Department when a resident is approved for Medicaid ICF/ID payment.

(a) For two of ten case files reviewed, the case file did not contain form 470-0374.

(b) For one of ten case files reviewed, form 470-0374 was not signed by a Department representative.

The errors appear to be due to employee oversight.

Recommendation – The Department should establish procedures to ensure compliance with the Employees’ Manual.

Response – The Unit Supervisor met with each worker individually who had an error and explained the importance of making sure the ICF/ID Resident Care Agreement was in the case file and that it was signed and dated by the Department. Policy regarding the ICF/ID Resident Care Agreement was covered during a July 2015 staff meeting. In July 2015, the Unit Supervisor read ICF/ID cases to ensure the agreements are in the file.

Conclusion – Response accepted.

June 30, 2015

Findings Related to Statutory Requirements and Other Matters:

- (1) Iowa Code Compliance – Chapter 217.40 of the Code of Iowa requires the Department, or a person designated by the Director, to establish training programs designed to assist all duly appointed guardians and conservators in understanding their fiduciary duties and liabilities, the special needs of the ward and how to best serve the ward and the ward’s interests.

The Department eliminated the training coordinator position due to budget constraints.

Recommendation – The Department should take steps to ensure compliance with the Code of Iowa or the Department should seek the repeal of the Code section.

Response – The Department has not been appropriated funding to provide this training. Any funding that was made available for this purpose could more efficiently be used in the State Substitute Decision Maker program under the Iowa Department of Aging. Funding for the State Substitute Decision Maker program was eliminated in 2009.

The Department requested in Senate Study Bill (SSB) 1182 that the training requirement be eliminated. The section of the bill that contained the request was struck and not included in the final legislation, Senate File (SF) 482.

Conclusion – Response acknowledged. The Department should take steps to ensure compliance with the Code of Iowa or the Department should seek the repeal of the Code section.

- (2) Targeted Small Businesses – Chapter 73.16 of the Code of Iowa requires the Department to establish a procurement goal for certified targeted small businesses (TSB) each fiscal year. Chapter 73.16.2(a)(2) states the procurement goal shall be established at a level which exceeds the procurement levels from certified targeted small businesses during the previous fiscal year.

For fiscal year 2015, the TSB procurement goals were less than actual TSB spending in fiscal year 2014.

Recommendation – The Department should develop procurement goals for certified targeted small businesses greater than actual TSB spending from the previous year.

Response – The business qualifying as a targeted small business is determined by the Department of Administrative Services and can change from quarter to quarter. A TSB in one quarter may not be considered a TSB the next quarter. In setting the TSB goal, the Department reviews past performance and sets a goal based on what is expected to be spent in a fiscal year. While the past fiscal year’s spending is taken into consideration, it is not the only factor in setting a goal. The Department will review the Code of Iowa and ensure compliance when setting the TSB goal in future years.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Human Services

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Staff:

Questions or requests for further assistance should be directed to:

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