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**AUDIT REPORT — DEPARTMENT OF PUBLIC HEALTH**

**Audit Report.** The Auditor's Office released a report on the Department of Public Health (DPH) for the year ended June 30, 2016 (FY 2016), on August 21, 2017.

**FY 2016 Findings.** Findings related to the State's single audit report, internal controls, statutory requirements, and other matters included:

**Cash Management.** Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. These procedures also minimize the amount of State and other federal funds used to supplant programs until federal funds are received. The Auditor found the following deficiencies:

- The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) had cash balances in excess of \$200,000 for 151 days.
- The Block Grants for Prevention and Treatment of Substance Abuse had cash balances in excess of \$200,000 for seven to 24 days.
- The Maternal, Infant, and Early Childhood Home Visitation Program (MIECHV) had two instances where cash balances were in excess of \$50,000 for eight to 13 days.

**Subrecipient Monitoring.** The [Uniform Guidance, Part 200.331\(d\)\(1\)](#) requires the Department be responsible for monitoring the activities of its subrecipients, as necessary, to ensure the subaward is used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subaward. Pass-through entity monitoring of subrecipients must include a review of required financial reports. The Department has established policies and procedures for obtaining and performing desk reviews of subrecipient audit reports. Of the 81 required desk reviews, 34 were not completed. In addition, four of the 20 desk reviews tested were not completed timely. This was found on two different programs:

- The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).
- The Block Grants for Prevention and Treatment of Substance Abuse.

**Property Inventory.** Every State department is required to maintain a written, detailed, and up-to-date inventory of property under its charge and control. The Auditor reported that eight capital asset additions were not properly capitalized by the DPH.

**GAAP Reporting.** Departments record receipts and disbursements in the Integrated Information for Iowa (I/3) System throughout the year, including the accrual period. Activity not recorded in the I/3 System is reported to the Iowa Department of Administrative Services – State Accounting Enterprise (DAS–SAE) in a Generally Accepted Accounting Principles (GAAP) package. The GAAP package is to be submitted to DAS–SAE by the first week of September each year. The DPH understated receivables by \$180,000 on the GAAP package. The DPH responded that due to several key staff vacancies in the Finance Bureau and other priority financial deadlines, the reconciliation process was not completed in a timely manner. The Department will review the procedure with key staff to ensure accurate GAAP package information.

**Targeted Small Business Procurement.** Every State department is required to establish a procurement goal for certified targeted small businesses (TSB) each fiscal year. The goal should exceed the procurement levels from certified TSBs during the previous year. The TSB procurement goal for the DPH for FY 2016 was not set at a level greater than FY 2015 actual TSB spending. The DPH will establish TSB spending goals at a level exceeding the procurement in the future.

**Response Acceptance.** The Auditor accepted all of the Department's responses.

**More Information.** The audit report is available on the Auditor of State's website at: [https://auditor.iowa.gov/sites/default/files/audit\\_reports/1760-5880-BR00.pdf](https://auditor.iowa.gov/sites/default/files/audit_reports/1760-5880-BR00.pdf).

**STAFF CONTACT:** Kenneth Ohms 515.725.2200 [kenneth.ohms@legis.iowa.gov](mailto:kenneth.ohms@legis.iowa.gov)