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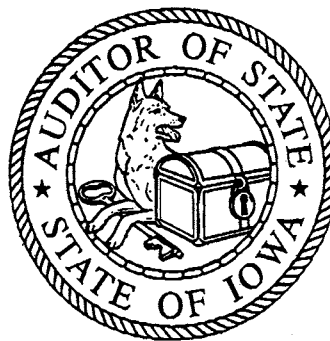
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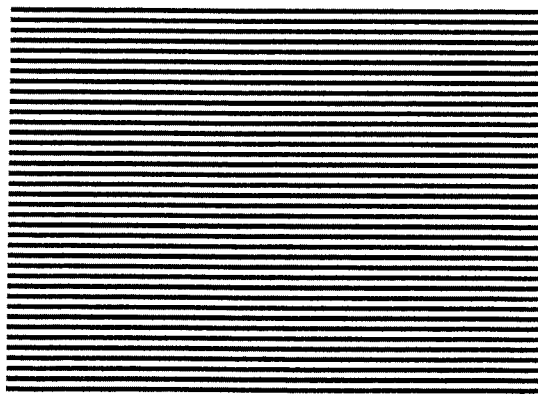
**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF HUMAN SERVICES**

JUNE 30, 2001

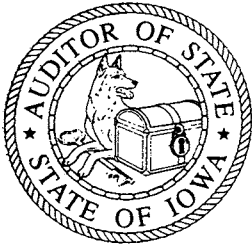
Office of
**AUDITOR
OF STATE**
State Capitol Building • Des Moines, Iowa



Richard D. Johnson, CPA
Auditor of State



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OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Richard D. Johnson, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

June 26, 2002

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, 2001.

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. The recommendations include those which have been reported within the State's Single Audit Report, as well as other recommendations pertaining to the Department's internal control, compliance with statutory requirements and other matters which we believe you should be aware of. These recommendations have been discussed with Department personnel, and their responses to these recommendations have been included in this report.

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 any 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 19 and they are available to discuss these matters with you.

RICHARD D. JOHNSON, CPA
Auditor of State

cc: Honorable Thomas J. Vilsack, Governor
Cynthia P. Eisenhauer, Director, Department of Management
Dennis C. Prouty, Director, Legislative Fiscal Bureau

June 30, 2001

Findings Reported in the State's Single Audit Report:

CFDA Number 93.558 – Temporary Assistance for Needy Families
Agency Number: G-0001IATANF, G-0101IATANF
Federal Award Year: 2000, 2001

State of Iowa Single Audit Report Comment: 01-III-HHS-401-5

- (1) Temporary Assistance for Needy Families (TANF) Data Report – OMB Circular A-133 Compliance Supplement states, in part, that the Temporary Assistance for Needy Families (TANF) program must submit a TANF Data Report each quarter that includes disaggregated data for families receiving assistance and no longer receiving assistance under the TANF program. The report also must include aggregated data for families applying for, receiving and no longer receiving assistance under the program. During review of one quarterly report, seven data elements for 30 cases were tested and the following conditions were noted:
- (a) For 4 of the cases tested, the coding for the “Receives Subsidized Child Care” data element was incorrect.
 - (b) For the data element “Work Participation Status,” there was no supporting information available to verify the codes reported for 23 of the cases tested.
 - (c) For the data element “Adult Work Participation Activities – Unsubsidized Employment,” a contact person was not identified to provide documentation to verify codes reported for 10 of the cases tested.
 - (d) For the data element “Adult Work Participation Activities – Satisfactory School Attendance for Individuals with No High School Diploma or Certificate of High School Equivalency,” a contact person was not identified to provide documentation to verify the codes reported.

Recommendation – The Department should continue to work on correcting the problems with the TANF Data Report and to gain an understanding of the source of the coding used for all data elements.

Response and Corrective Action – These audit findings fall under two general categories, 1) programming errors, and 2) documentation issues.

The first finding, “a”, indicates that our child care data element was not being coded correctly. This was true. We had a problem in our COBOL programming that was not properly identifying food stamp cases and the correct dollar amount of the food stamp issuance. This was a known problem in the 2000 TANF report and has already been fixed.

The next three findings, “b”, “c”, and “d” indicate either a lack of supporting documentation or a lack of a contact person in order to verify work participation data elements.

The Department disagrees. Auditor staff was informed many times throughout January 2002 of the contact person for this information in Data Management. These work participation data elements are handled by the contact person in the Division of Data Management, Bureau of Research and Statistics. He receives the raw participation data from Iowa Workforce Development (IWD) and determines the work participation status of individuals on TANF cases.

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Sample TANF data was provided to the auditor's office on December 19, 2001. The contact person was not contacted for information until February 5, 2002. He responded with the requested information through e-mail on Friday, February 8, 2002.

We assert that a contact was identified, and documentation was provided as requested. Therefore, there should be no issues left to resolve in points "b" through "d" of this audit.

Conclusion – Response acknowledged. The information used to code data elements, "Work Participation Status", "Adult Work Participation Activities", and "Adult Work Participation Activities – Satisfactory School Attendance for Individuals with no High School Diploma or Certificate of High School Equivalency", is compiled by data management through a separate software program which uses information provided from various computer systems. Documentation to verify the underlying information was not readily available.

We will continue to work with the Department to identify and verify the underlying information used to support the data elements reported.

CFDA Number: 93.558 – Temporary Assistance for Needy Families
Agency Number: G-0001IATANF, G-0101IATANF
Federal Award Year: 200, 2001

CFDA Number: 93.563 – Child Support Enforcement
Agency Number: G-0004IA4004, G-0104IA4004
Federal Award Year: 2000, 2001

CFDA Number: 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Agency Number: G-0001IACCD3/G-001IACCD4, G-0101IACCD3/G-0101IACCD4
Federal Award Year: 2000, 2001

CFDA Number: 93.658 – Foster Care – Title IV-E
Agency Number: G-0001IA401, G-0101IA1401
Federal Award Year: 2000, 2001

CFDA Number: 93.659 – Adoption Assistance
Agency Number: G-0001IAI407, G-0101IA1407
Federal Award Year: 2000, 2001

CFDA Number: 93.778 – Medical Assistance Program
Agency Number: 05-0005IA5028/0005IA5048, 05-0105IA5028/0105IA5048
Federal Award Year: 2000, 2001

State of Iowa Single Audit Report Comment: 01-III-HHS-401-6

- (2) DHS Field Office Internal Controls – For fiscal year 2001, nineteen offices were visited; eight county offices, eight Human Services Area Administrator (HSAA) offices, and three Child Support Recovery Unit (CSRU) offices. In conjunction with this limited review, the following reportable conditions were noted.

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(a) Controls over Cash Receipts

In three county offices, the person who prepares the receipt also opens the mail, receives payments not coming through the mail, restrictively endorses the checks and compares the validated transmittal from central office to the receipt book/log. In addition, in two CSRU offices, the person who prepares the receipt also compares that receipt to the validated transmittal from central office.

(b) Child Care

In twelve county offices, one individual has access to the Service Reporting System (SRS) which establishes child care cases, has access to the Purchase of Service System (POSS) to input child care certificates and can enter child care invoices for payment to providers.

Recommendation – The Department should implement changes to strengthen internal control and develop policies and procedures to ensure compliance with the Employees' Manual.

Response and Corrective Action –

Field Response –

- (a) The three county offices cited are small offices. Two of the three offices will become a Less Than Full Time Office by July 1, 2002. At a Less Than Full Time Office workers will see customers by appointment only and no mail will be delivered there. There will be a Full Time Office associated with the Less Than Full Time Office and more staff available to have two people handle the opening of the mail, preparing the receipts, restrictively endorsing the checks and comparing validated transmittal from Central Office to the receipt book/log.

As there has been a recent restructuring of Field Operations and a reduction in force the Service Area Managers will be asked to review the handling of cash receipts to ensure that it is being done correctly at this point in time in each office.

- (b) DHS does acknowledge that there is a low risk, but has decided given the present Field Operations high workloads and reduced staffing levels, this is a reasonable risk we must take.

CSRU Response –

Supervisors have been provided a copy of Employees' Manual Title 23, Chapter B, which indicates the appropriate procedures to compare receipts transmitted from Central Office.

Conclusion – Response accepted.

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CFDA Number: 93.658 – Foster Care – Title IV-E
Agency Number: G-0001IA140, G-0101IA1401
Federal Award Year: 2000, 2001

State of Iowa Single Audit Report Comment: 01-III-HHS-401-9

- (3) Foster Care (Title IV-E) – The Title IV-E program provides assistance payments for maintenance, adoption assistance, and voluntary foster care.

The following conditions were identified during the fiscal year 2001 case file testing:

- (a) Title 18-A-83 of the Employees' Manual states in part that the case plan shall be developed within 45 days from the date the judicial notice (court order) is received or within 60 days from the date the state assumed responsibility for providing services (whichever is later). For 3 of 46 cases reviewed, an initial case plan was not developed within the prescribed limits.
- (b) Title 18-A-83 of the Employees' Manual states in part that the case plan shall be re-evaluated every six months. The case plan covering the payment selected was reviewed as well as the prior and subsequent case plans when available. For 8 of 46 cases reviewed, case plans were not re-evaluated within six months.

Five of the 46 case files selected for review were cases in which DHS has payment responsibility while the file maintenance responsibility of the child was assigned to a Juvenile Court Officer. In all of the cases tested no documentation existed in the case file to verify that cases were being re-evaluated every six months.

- (c) 18-Appendix of the Employees' Manual provides instructions on the preparation of the case plan. For 4 of 46 cases reviewed, the supervisor did not sign the case plan.

Recommendation – The Department should enforce the provisions of the Employees' Manual. In addition the Department should coordinate with the Court to ensure documentation of six months evaluations are provided to the Department.

Response and Corrective Action Planned – DHS has recently restructured Field Operations resulting in different staff being assigned these responsibilities. Field Operations Support Unit will write an e-mail to all Service Area Managers, Service Supervisors, and appropriate Service Workers regarding these requirements and the necessity of ensuring that policy is being appropriately followed. Service Supervisors will also be required to discuss these items in a staff meeting with their workers, document the date this was done and inform Field Operations by April 15, 2002.

Conclusion – Response accepted.

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CFDA Number: 93.659 – Adoption Assistance
Agency Number: G-000IA1407. G-0101IA1407
Federal Award Year: 2000, 2001

State of Iowa Single Audit Report Comment: 01-III-HHS-401-10

- (4) Foster Care (Title IV-E) Adoption Assistance – The Adoption Assistance program provides assistance payments for maintenance and adoption assistance.

The following conditions were identified during the fiscal year 2001 case file testing:

- (a) Section XVIII-J(1)-41 of the Employees' Manual states in part that the re-evaluation of the subsidy agreement plan shall not exceed two years. For nine of 46 cases, the subsidy agreement was not re-evaluated within the two-year time limit.
- (b) Section XVIII-J(1)-Appendix of the Employees' Manual states in part that the subsidy agreement shall be signed by all applicable persons. For two of 46 cases, the subsidy agreement was not signed by all applicable persons.
- (c) Section XVIII of the Employees' Manual states in part that the case files should contain certain documentation, including the subsidy agreement and legal papers. For three of 46 cases, this documentation was not included.

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

Response and Corrective Action Planned – DHS has recently restructured Field Operations resulting in different staff being assigned these responsibilities. Field Operations Support Unit will write an e-mail to all Service Area Managers, Service Supervisors, and appropriate Service Workers regarding these requirements and the necessity of ensuring that policy is being appropriately followed. Service Supervisors will also be required to discuss these items in a staff meeting with their workers, document the date this was done and inform Field Operations by April 15, 2002.

Conclusion – Response accepted.

CFDA Number: 93.778 – Medical Assistance Program
Agency Number: 05-0005IA5028/0005IA5048, 05-0105IA5028/0105IA5048
Federal Award Year: 2000, 2001

State of Iowa Single Audit Report Comment: 01-III-HHS-401-11

- (5) Medical Assistance Claims – Date of Death – DHS received and paid claims totaling \$79,449 during fiscal year 2000 for medical services provided after the recipient's reported date of death. As of January 2002, the remainder to be recouped was \$23,129. During fiscal year 2001, DHS received and paid claims totaling \$76,353 for medical services provided after the recipient's reported date of death. As of January 2002, the department was unable to provide documentation of the amount recouped.

Recommendation – The Department should implement procedures to periodically determine whether payments exist for service dates after the recipient's date of death and recoup payments where necessary.

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Response and Corrective Action – DHS received on February 12, 2002 the FY 2000 final recoupment report for medical services provided after recipient's date of death. From the \$23,129 remainder to be recouped, the final balance is \$8,547.50. Also on February 5, 2002, DHS received the initial recoupment report for FY 2001. Recoupment was initiated on claims totaling \$76,353. The remainder to be recouped is \$2,234.14. The DHS fiscal agent is in the process of up-dating and refining this report. Beginning January of 2002, systems changes were implemented to make the process of acquiring this information more efficient. Accordingly, this information should be available quarterly or as needed.

Conclusion – Response accepted.

Findings Related to Internal Control:

- (1) Cash Management – Excessive Negative Cash Balances – Grantees are to make federal drawdowns as close as possible to the time of making disbursements per 45 CFR (Subpart C) 92.20(7). The TANF and Foster Care federal programs had excessive negative cash balances throughout the year.

Recommendation – The Department should implement procedures to limit excessive negative cash balances which result in an undue burden to the state.

Response – The Department acknowledges that there were excessive negative cash balances in the two federal programs at various points in time during state fiscal year 2001.

The Department implemented a federal draw down plan on October 1, 2000, which included both of these programs. In addition, on April 22, 2002 the state began drawing TANF funds for reimbursement of the Family Investment Program cash assistance organization codes on a weekly basis. Beginning with state fiscal year 2003, the state will increase the federal draw rate to that reflected in the state fiscal year 2003 TANF map for cash assistance.

The majority of the state's foster care payments are made during the first week of the month. Beginning with state fiscal year 2003, during the first week of each month, funds will be drawn twice instead of once for this program. During the remaining three weeks of the month funds will continue to be drawn weekly in accordance with the plan that was implemented on October 1, 2000.

Conclusion – Response accepted.

- (2) Medicaid – County Receivables – The Department bills counties for four types of services: Intermediate Care Facility/Mental Retardation, Enhanced Services, Mental Retardation Waiver, and Brain Injury Waiver. The amount billed is supported by the Medicaid Management Information System (MMIS) County Billings Report prepared by the Medicaid fiscal agent, Consultec, Inc. Counties are entitled to dispute the bill if they disagree that the client has legal settlement in their county. These disputes may take years to resolve.

The amount received from a specific county does not always equal the amount billed due to either disputed claims or the timing of payments. Prior to fiscal year 2001, the Department maintained a running total of billings and receipts for each county, but, information was not maintained or available which documented the individual

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components for each outstanding balance by county. As a result, the Department is unable to identify the receivable amount representing disputed billings that may not be collectible. During fiscal year 2001, the Department implemented a new accounts receivable system that will track individual components of each outstanding balance by county, including disputed billings.

House File 727, adopted during the 2001 legislative session, states in part that a county would not be obligated to pay for services rendered prior to July 1, 1997, providing the county was not billed for the services or the county disputed the billing prior to the effective date of House File 727. The Department has been unable to determine the appropriate write-off of these uncollectible accounts receivable balances.

Recommendation – The Department should continue developing procedures to identify past payments and track future payments on billings to properly support the county receivable balance. In addition, the Department should continue evaluating the amount of county receivables determined uncollectible and adjust the balance as necessary.

Response – Beginning in fiscal year 1999 the Department has been working with counties to reconcile Medicaid billings in an attempt to determine which of those billings remain unpaid because they are legitimately disputed. At the end of state fiscal year 2001, the Department actually wrote off approximately \$1.5M in disputed outstanding obligations. At the suggestion of the Attorney General's Office, the Department is now in the process of writing rules to implement House File 727 and complete the write-off of outstanding obligations according to the intent of that legislation.

During state fiscal year 2001, the Department has continued conversations with counties to verify outstanding obligations and to further define which of those obligations are legitimately disputed. Efforts included the following steps:

- 12/99 – Letter to counties from Director Rasmussen. This included each county's outstanding balance at that time, and asked the counties to document any disputes that have resulted in an unpaid amount.
- 1/00 and ongoing – Medical Services staff worked with individual counties on resolving balances.
- 3/00 – Letter to counties that had not responded to initial letter, asking for their participation.
- 6/00 – Letter to counties with balances over \$100,000. This included a printout of all charges and payments from 7/93-6/99. Asked counties to compare this with their records and notify the Department of discrepancies.
- 1/01 – Letter to 38 counties that have had changes to their balances as a result of the above efforts, to inform them of these changes and notify them of their remaining balances.
- 2/01-4/01 – Compiled charge and payment information for 21 counties that have not yet worked with the Department. Analyze this information for possible discrepancies, and notify each county with a letter and copies of these records.
- 6/01 – Resolved small number of outstanding MR Waiver overbilling disputes.

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Records of Medicaid county receivables are now maintained by type of service at patient level. Billings and receipts are tracked at this level of detail in the accounts receivable system that was brought into production at the end of state fiscal year 2001 and moved from the Iowa Department of Revenue and Finance to the Iowa Department of Human Services.

Conclusion – Response acknowledged. We will review the Department’s progress during the next audit.

- (3) Access of Former Employees – When employees leave the Iowa Department of Human Services, their immediate supervisors are responsible for sending an “Electronic Security Information” to the Iowa Automated Benefits Calculation (IABC) Security Officer so that the employees access to IABC will be revoked. However, the access of four of fifteen employees tested was not revoked upon separation.

Recommendation – The Department should implement procedures to ensure that access of former employees is revoked on a timely basis.

Response – The Division of Data Management will work with the Department’s Division of Organizational Support (Human Resources) to develop a formal policy and procedure that ensures individuals leaving employment with the Department have their system access privileges removed in a timely manner.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

- (1) Questionable Payments – The Office of Auditor of State issued a report October 29, 1997 on a special investigation of Juvenile Court Services, Third Judicial District, (JCS) in Sioux City, Iowa. One responsibility of JCS is to monitor the reimbursement of providers for court ordered treatment services for specified delinquent juveniles. JCS utilized funds provided by the Iowa Department of Human Services which included the Court Ordered Services Fund, the Adolescent Monitoring Fund, Supervised Community Treatment Fund and the Wrap Around Fund.

The special investigation disclosed questionable, unauthorized and/or fraudulent transactions totaling \$899,319 for the period April 1, 1993 through November 30, 1996. Approximately \$835,000 of this amount represented payments to the Sanford Center for which records did not show that services billed for had been provided. Of the \$835,000, the Iowa Department of Human Services provided approximately \$776,000 of these payments.

In addition, at the request of the Iowa Department of Human Services, the Iowa Department of Inspections and Appeals (DIA) conducted an audit of the Sanford Center for the period April 1, 1993 through September 30, 1997. The DIA reported that of the \$1,983,882 paid to the Sanford Center for the audit period, documentation was found to justify \$715,831, resulting in \$1,268,051 of payments not supported.

The Iowa Department of Human Services has requested repayment of \$1,268,051 from Sanford Center. Sanford Center had appealed that request, and an administrative hearing is pending.

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Recommendation – The Iowa Department of Human Services should continue to pursue recovery of the amounts for which no documentation was found to support the payment.

Response – The Iowa Department of Human Services continues to pursue recovery of these funds. An administrative hearing is scheduled for September 4, 2002.

Conclusion – Response accepted.

- (2) Child Care Overpayments – The Iowa Department of Inspections and Appeals (DIA) investigated Kinderland/Prodigy, Inc., a child care facility, based upon a complaint by the Iowa Department of Human Services. The complaint asserted that Kinderland/Prodigy, Inc. overbilled and received payments for periods in which they did not have the child at the facility. DIA identified \$74,361 of overpayments to Kinderland/Prodigy, Inc. from DHS. A Court Order dated August 16, 2001 ordering Kinderland, Inc. to pay restitution is currently under appeal.

Recommendation – The Department should continue to work with DIA to recover questioned costs.

Response – The Department has developed rules for the child care assistance program and field staff procedures related to child care fraud and recoupment. DHS has been coordinating with DIA regarding procedural, billing and recoupment procedures as well as working to draw a clear tracking distinction between fraud and overpayments. Administrative rules establishing recoupment procedures for child care assistance became effective 5/1/01. Employee procedures and MIS system changes have been made in State fiscal year 2002 to allow field personnel to process overpayment referrals to DIA. Referrals on suspected fraud have been ongoing.

The recovery procedures on the Kinderland/Prodigy case were handled through the criminal court sentencing. An audit was being conducted to determine a final restitution sum. Restitution in full was ordered – payments will be forwarded to DIA per usual procedures so that the restitution/payments are tracked in the overpayment recovery system.

Conclusion – Response accepted.

- (3) Fixed Assets – Chapter 7A.30 of the Code of Iowa requires each Department of the state to keep a written, detailed, up-to-date inventory of all real and personal property belonging to the state. The Iowa Department of Human Services utilizes the Advantage Financial System (AFS) to maintain a listing of assets. The following findings were noted:
- (a) Fifteen of 47 assets tested were deleted without proper documentation and two additional assets were identified that should have been deleted but were still on the Department's listing. In addition, six assets were deleted during fiscal year 2001 that should have been deleted in prior years based on documentation provided.
 - (b) Six of 26 assets tested for additions were not added to the Department's listing in a timely manner. Of these six assets, four had been purchased 3 years prior to fiscal year 2001.

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- (c) Written procedures were developed in fiscal year 2000 to reconcile the Advantage Financial System, which is the Department's detail listing of fixed assets, to fixed asset purchases recorded on IFAS. However, these procedures do not reconcile current year purchases recorded on IFAS to current year additions recorded on the Advantage Financial System. Fiscal year 2001 Advantage Financial System additions included assets purchased and recorded on IFAS two to three years prior to fiscal year 2001.
- (d) Written procedures do not exist for reconciling the Advantage Financial System to fixed asset activity reported on the GAAP package.

Recommendation – The Department should develop procedures to ensure an accurate inventory of all real and personal property belonging to the State is maintained. In addition, DHS should continue to develop procedures to reconcile the Advantage Financial System additions to IFAS equipment expenditures. Also, procedures should be developed to reconcile fixed asset activity per the Advantage Financial System to amounts reported on the agencies GAAP package for Statewide reporting purposes.

Response –

- (a) The fifteen assets that were deleted without proper documentation were deleted per a memo from the Division of Data Management (DDM) dated August 16, 2001 which listed various brands and purchase dates of PC's that had reached the end of their useful life and had since been provided to the various Institutions.

Corrective action taken: DDM staff now maintains an accurate record of equipment that is switched out including the location of reassignment if it is not being sent to State Surplus. A copy of this record is forwarded to the DHS Supply Unit to ensure that these items are removed from the inventory system.

- (b) The Department concurs with recommendation. Staff in the various DHS locations now ensure that equipment is added to the inventory system in a timely manner. Training on the new inventory system will be provided in the fall of 2002.
- (c) The Department concurs with recommendation. Because a new fixed assets inventory system was implemented last year and programming changes to the system were delayed, the printouts generated by the Department of General Services included deletions from prior fiscal years.

Corrective Action Taken: Modifications were made to the reconciliation spreadsheet that is used to reconcile IFAS purchases with Advantage System transactions. These changes separate additions into the current and prior fiscal years.

- (d) The Department concurs with recommendation.

Corrective Action Taken: Written procedures for reconciling the Advantage System to the GAAP package will be completed by fall, 2002. Training on the Advantage System and a physical verification of all field sites is planned for fall, 2002. Written procedures will be completed at that time.

Conclusion – Response accepted.

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(4) Iowa Code Compliance – The following compliance items were noted for fiscal year 2001:

- (a) Section 238.23 of the Code of Iowa requires the Department to collect an annual report from Child-placing agencies.

The Department did not collect these reports during fiscal year 2001.

- (b) Section 220A.3 of the Code of Iowa requires the Department to provide for a central data control and exchange agency known as the interagency case information service.

The Department had not established a central control and exchange agency as of fiscal year 2001.

- (c) Section 237A.21 of the Code of Iowa requires the Department to appoint a state child day care advisory council. Membership shall be appointed in a manner so as to provide equitable representation of persons with an interest in child day care. The membership of the council must meet the requirements set forth in the Code and shall include two legislators appointed in a manner so that both political parties are represented.

During fiscal year 2001, the membership of the council did not include two family day care home providers, one designee of the Iowa Department of Education, and one legislator appointed in a manner so that both political parties are represented.

- (d) Section 225C.48 of the Code of Iowa requires an eleven-member personal assistance and family support services council be created. The membership of the council must meet the requirements set forth in the Code.

During fiscal year 2001, there were two vacancies on the personal assistance and family support services council.

- (e) Section 217.11 of the Code of Iowa establishes a family development and self-sufficiency council within the Iowa Department of Human Services. The membership of the council must meet the requirements set forth in the Code.

During fiscal year 2001, there was one vacancy on the board representing a recipient or former recipient of the family investment program who is to be selected by other members of the council.

- (f) Section 235B.1 of the Code of Iowa requires the dependent adult abuse services council to meet once every 4 months.

As of June 30, 2001, the council had not met since January, 2000.

- (g) Chapter 441-110.10 of the Iowa Administrative Code requires that 20% or more of all registered family child care homes, 20 percent of all group child care homes-joint registration, and 20 percent of all group child care homes in the county shall be checked during the calendar year for compliance with registration requirements. In two county offices, child care homes are only monitored if a complaint is noted.

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Recommendation – The Department should take steps to ensure compliance with the Code of Iowa and the Iowa Administrative Code.

Response –

- (a) The 2002 session of the Iowa General Assembly passed House File 2518 that repealed Section 238.23 of the Code of Iowa. The Governor signed this legislation in April 2002. Section 238.23 required agencies to file written reports to the Iowa Department of Human Services. No agencies submitted reports.
- (b) This is a part of the Code of Iowa that has never had anything developed. The Department had intended to ask for deletion of this Code section for the 2002 session but budget issues forced us to delay the request until the 2003 session.
- (c) While the State Child Care Advisory Council struggles to maintain representation, particularly among the home provider, parent, and legislative categories, both home provider vacancies that occurred in State fiscal year 2001 have now been filled. The Department was awaiting an appointment request from the Director of the Iowa Department of Education to fill that vacancy. The Department has submitted its request for a legislative appointment via our legislative liaison to legislative leadership for appointment.
- (d) Since the last audit, two people were appointed by the Governor, but there have been two more resignations. At this time, the Council is recruiting people to submit to the Governor.
- (e) The Family Development and Self-sufficiency (FaDSS) Council members or grantee service providers recruit potential Council members generally from FaDSS participants. All nominees are presented for active selection to the Council. Both of the two recipient members, whose terms were from March 1999 through March 2002, live outside Des Moines and are employed. Due to their employment requirements, they were not able to regularly attend Council meetings. Also, there was some ambiguity about one member's desire to maintain her membership as she began to not attend Council meetings nor respond to correspondence. After a period of time and written and telephone communication, the Council voted to remove the council member and to begin to actively solicit nominees for her position. The process of filling this position was lengthy due to the primary responsibility of recipients to maintain employment requirements.
- (f) The Council is not chaired by an employee of the Iowa Department of Human Services. The Chairperson had cancelled the meetings since January 2000. A new chairperson has been elected, and the Council started meeting regularly in February 2002.
- (g) Field Operations Support Unit issued clarification to all the Service Area Managers that they would need to be documenting spot checks per the IAC.

Conclusion – Response accepted.

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- (5) Emergency Assistance Program - In accordance with Chapter 11 of the Code of Iowa, we conducted a review of the Iowa Department of Human Services' Emergency Assistance Program. The program was reviewed for compliance with applicable laws and regulations to determine whether operations and accomplishments of the program are consistent with its purpose; and to identify areas where improvements should be made to increase consistency, efficiency, and effectiveness of the program's administration.

In both fiscal years 1998 and 2000, we tested program files for compliance with the Iowa Administrative Code (441) - Chapter 58 (administrative rules) and the Department's program guidelines. During fiscal year 2001, we performed testing to follow up and determine the status of findings from prior years.

The program administrative rules and the Department's program guidelines require case-workers to verify information that the applicant has provided during the initial application stage in order for the applicant to receive benefits under the program. Procedures for verification of information from applicants and approval of applications were not consistently performed or documented. For example, case-workers are required to contact Immigration and Naturalization Services (INS) to verify citizenship and alien status of a child in the applicants' households regardless of whether or not the applicant provided documentation of that status. Also, the Department case-workers are required to sign the program applications and these applications must be reviewed and approved by the area administrator or their designee.

During our review of applicant files during fiscal year 2001, the following findings were noted:

- Two of the ten applicant files requested for testing were not provided to the auditor. Therefore, we were only able to test eight of the ten requested.
- Of the three approved applicant files selected for testing, none included documentation of verification for citizen/legal alien status of a child within the household.
- For one of the eight files, the application was not processed within the 10 day limitation.
- For six of the eight files, the caseworker did not properly sign the program application.
- For seven of the eight files, the area administrator or designee did not properly sign the program application documenting their review.

Based on the above findings, verification, documentation, and review procedures are not consistently applied to program application files. As a result, applicants may be receiving program assistance for which they are not eligible and taking limited program funding from those families who are eligible and in need of program assistance.

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Recommendations – The Department should ensure that:

- (1) Eligibility information is consistently and appropriately verified and documented. This includes eligibility information related to household income and resources, the existence of an emergency, and the citizenship of the child.
- (2) Department policies are followed and documented related to conducting at least one face-to-face interview, home visit, or telephone interview with the applicant and a determination that the household applied for and accepted other assistance available.
- (3) Case-workers and area administrators document their review of the application process helping to ensure the accuracy of the information obtained supporting the eligibility of the applicant.

Response – This audit of the Emergency Assistance program indicates that case workers are required to contact INS to verify citizenship and alien status of a child in an applicant's household. This is not correct. In the employee's manual, Title 6, Chapter I, it indicates that households are not required to give proof of identity unless identity appears questionable. Only if citizenship is questionable and alien documentation not available would case workers advise the family to contact INS to get needed documents, and then workers would need to follow-up with INS to verify the status indicated on the documents provided.

The recommendations section of the audit further mentions that eligibility information was not consistently and appropriately verified and documented. This is a rather broad statement, and makes it difficult to determine whether documentation was not requested when required, or whether documentation was not complete in the case file. According to the EA manual, staff are only required to verify: income, deposits made to an Individual Development Account (IDA), the existence of an emergency, proof that the EA applicant has applied for other benefits before EA, and sometimes alien status, if necessary. Aside from these required items, EA workers are instructed to accept the household's statement of circumstances.

This section also indicates that we need to ensure that workers conduct the required face-to-face interview, home visit, or telephone interview with the applicant in order to determine that the household applied for and accepted other assistance available.

Neither of these issues was evident from the case reviews, and they were not mentioned in the findings.

The audit found that one file of eight was not processed within the ten-day time frame. However, considering that budget cuts during State fiscal year 2001 forced the County offices to administer the Emergency Assistance program without the temporary staff they have relied on in past years, they seem to have done very well regarding processing applications timely.

The other issue brought up in the audit results can be addressed through better staff training. The Department has created a training academy to provide ongoing training on policy and program issues, including the Emergency Assistance program, to field staff. For example, there seems to be a lack of knowledge that the case worker and the area administrator, or designee, needs to sign-off on all EA applications. This

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oversight will be resolved through an administrative memo that Central Office will send out to field offices, and by ensuring the academy covers this requirement in future training on EA procedures. The Employee's Manual will also be changed to more clearly address this requirement.

We will take steps to ensure the topic of signing the application by both the worker and supervisor is being adequately covered by the training academy, and that the Employee's Manual is clear on this requirement as well.

Conclusion – Response acknowledged. Title 6, Chapter I of the Employees' Manual states in part that "Although the items presented by the family document the status you still need to contact INS to verify that this status is correct." In addition, all applicant files requested for audit should be provided timely.

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Staff:

Questions or requests for further assistance should be directed to:

Michelle B. Meyer, CPA, Manager
Deborah J. Moser, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this audit include:

Erik J. Federer, CPA, Senior Auditor
Karen L. Brustkern, Senior Auditor
Kathleen S. Caggiano, Staff Auditor
Kimberly M. Knight, Staff Auditor
Tammy L. Mason, CPA, Staff Auditor
Mary Crystal A. Berg, CPA, Staff Auditor
Gary D. Van Lengen, CPA, Staff Auditor
Natalie J. Storm, CPA, Staff Auditor
Sheila Jensen, Assistant Auditor
Nicole B. Tenges, Assistant Auditor
Mark Mueller, Assistant Auditor
Jason R. Matter, Assistant Auditor