



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

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**NEWS RELEASE**

FOR RELEASE July 18, 2003

Contact: Andy Nielsen  
515/281-5515

Auditor of State David A. Vaudt today released an audit report on the Iowa Department of Human Services – Case Management Unit for the year ended June 30, 2002.

The Unit helps individuals with mental retardation, chronic mental illness or developmental disabilities gain access to appropriate living environments, needed medical services, and interrelated social, vocational and educational services.

The Unit had gross revenues totaling \$6,671,197 for fiscal year 2002, a 24% increase over fiscal year 2001, and included fees for service of \$6,663,597. The Unit's expenditures for the year totaled \$6,659,382, a 23% increase over the prior year. The significant increase in revenues and expenditures is due primarily to an increase in the number of clients served in addition to an increase in the cost of care.

A copy of the audit report is available for review in the Office of Auditor of State and the Iowa Department of Human Services – Case Management Unit.

# # #



**IOWA DEPARTMENT OF HUMAN SERVICES –  
CASE MANAGEMENT UNIT**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS, REQUIRED  
SUPPLEMENTARY INFORMATION AND  
OTHER SUPPLEMENTARY INFORMATION**

**JUNE 30, 2002**

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## **Iowa Department of Human Services – Case Management Unit**

### **Officials**

Name

Title

#### **State**

Honorable Thomas J. Vilsack  
Cynthia P. Eisenhower  
Dennis C. Prouty

Governor  
Director, Department of Management  
Director, Legislative Services Agency

#### **Agency**

Kevin W. Concannon  
Sally Cunningham  
Jeanne Nesbit

Director, Department of Human Services  
Deputy Director, Field Operations  
Division Administrator, Division of Child Support  
Recovery, Case Management and Refugee Services

Diane Diamond

Bureau Chief, Case Management Unit

**Iowa Department of Human Services – Case Management Unit**



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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities and the major fund of the Iowa Department of Human Services – Case Management Unit, as of and for the year ended June 30, 2002, which collectively comprise the Unit's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Iowa Department of Human Services – Case Management Unit's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the Iowa Department of Human Services - Case Management Unit are intended to present the financial position and changes in financial position of only that portion of the governmental activities of the State of Iowa that is attributable to the transactions of the Iowa Department of Human Services - Case Management Unit. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2002, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Iowa Department of Human Services – Case Management Unit as of June 30, 2002, and the respective changes in financial position for the year then ended, in conformity with U.S. generally accepted accounting principles.

As described in Note 10, during the year ended June 30, 2002, the Iowa Department of Human Services – Case Management Unit adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. The Unit also changed the capital asset capitalization threshold as described in Note 10.

In accordance with Government Auditing Standards, we have also included our report dated April 16, 2003 on our consideration of the Iowa Department of Human Services – Case Management Unit’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The budgetary comparison schedule on page 18 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Iowa Department of Human Services – Case Management Unit’s basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 16, 2003



## **Basic Financial Statements**

**Exhibit A**

## Iowa Department of Human Services – Case Management Unit

## Statement of Net Assets and Governmental Fund Balance Sheet

June 30, 2002

	General Fund	Adjustments (Note 5)	Statement of Net Assets
<b>Assets</b>			
Cash (note 2)	\$ 320,681	-	320,681
Accounts receivable	780,547	-	780,547
Due from other state agencies	7,364	-	7,364
Prepaid expenses	150	-	150
Capital assets, net of accumulated depreciation (note 3)	-	23,430	23,430
<b>Total assets</b>	<b>\$ 1,108,742</b>	<b>23,430</b>	<b>1,132,172</b>
<b>Liabilities</b>			
Accounts payable	221,262	-	221,262
Salaries payable	153,371	-	153,371
Due to other state agencies	92,079	-	92,079
Third party payor settlement payable	309,549	-	309,549
Deferred revenue	38,110	(38,110)	-
Long-term liabilities:			
Due within one year	-	383,193	383,193
Due after one year	-	97,184	97,184
<b>Total liabilities</b>	<b>814,371</b>	<b>442,267</b>	<b>1,256,638</b>
<b>Fund Balance/Net Assets</b>			
Unreserved fund balance	294,371	(294,371)	-
<b>Total liabilities and fund balance</b>	<b>\$ 1,108,742</b>		
Net assets:			
Invested in capital assets		23,430	23,430
Unrestricted (deficit)		(147,896)	(147,896)
<b>Total net assets</b>		<b>\$ (124,466)</b>	<b>(124,466)</b>

See notes to financial statements.

## Iowa Department of Human Services – Case Management Unit

Statement of Activities and Governmental Fund Revenues,  
Expenditures and Changes in Fund Balance

Year ended June 30, 2002

	General Fund	Adjustments (Note 6)	Statement of Activities
Revenues:			
Fees for service:			
Medicaid	\$ 5,165,135	16,095	5,181,230
Merit Behavioral Counties	1,417,454	20,905	1,438,359
	81,008	925	81,933
Miscellaneous	7,600	185	7,785
Gross revenues	6,671,197	38,110	6,709,307
Less fee refunds	326,595	-	326,595
Net revenues	6,344,602	38,110	6,382,712
Expenditures:			
Personal services	5,097,319	79,286	5,176,605
Travel and subsistence	261,511	-	261,511
Supplies and materials	70,014	-	70,014
Depreciation	-	5,623	5,623
Contractual services	683,833	-	683,833
Equipment and repair	219,455	(22,728)	196,727
Claims and miscellaneous	655	-	655
Total expenditures	6,332,787	62,181	6,394,968
Excess of revenues over expenditures	11,815	(11,815)	-
Change in net assets	-	(12,256)	(12,256)
Fund balance/net assets:			
Beginning of year, as restated (note 10)	282,556	(394,766)	(112,210)
End of year	\$ 294,371	(418,837)	(124,466)

See notes to financial statements.

Iowa Department of Human Services – Case Management Unit

Notes to Financial Statements

June 30, 2002

**(1) Summary of Significant Accounting Policies**

The Iowa Department of Human Services – Case Management Unit (Unit) began operations in 1989 to provide services designed to help consumers with mental retardation, chronic mental illness or developmental disabilities gain access to appropriate living environments, needed medical services, and interrelated social, vocational and educational services.

The basic operations of the Unit are primarily financed by Iowa's Medicaid program. Other sources of financing are the county of legal settlement of the client, the State of Iowa, and the clients themselves.

The Unit's financial statements have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The more significant of the Unit's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the Iowa Department of Human Services – Case Management Unit has included all funds. The Unit has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Unit are such that exclusion would cause the Unit's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Unit to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Unit. The Unit has no component units which meet the Governmental Accounting Standards Board criteria.

B. Entity-wide and Fund Financial Statements

The financial statements on pages 8 and 9 combine both an entity-wide perspective and a governmental fund perspective.

The General Fund comprises the Iowa Department of Human Services – Case Management Unit's governmental fund type. This fund is the general operating fund of the Unit and the difference between assets and liabilities of the fund is referred to as "fund balance."

The entity-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Unit. Governmental activities are those which normally are supported by taxes and intergovernmental revenues.

The statement of net assets presents the Unit's assets and liabilities, with the difference reported as net assets. Net assets are reported in two categories:

Invested in capital assets consists of capital assets net of accumulated depreciation.

Unrestricted net assets consists of net assets that are not invested in capital assets, as defined in the preceding category, and do not have constraints placed on them from external sources or imposed by law through constitutional provisions or enabling legislation.

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Unit considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds.

In reporting the financial activity in the entity-wide financial statements, the Unit applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

D. Budgets and Budgetary Accounting

Budgetary control is exercised over the Iowa Department of Human Services – Case Management Unit through the budgetary process prescribed in Chapter 8 of the Code of Iowa. Each department of the State prepares estimates of expenditures and income for each ensuing fiscal year. These estimates are transmitted to the Iowa Department of Management which prepares and submits a tentative budget to the Governor. After holding public hearings, the Governor prepares and transmits the budget to the Iowa Legislature. The Legislature appropriates funds to the various departments based on the budget as adjusted through the appropriation process. Formal and legal budgetary control is based on total operating expenditures by appropriation unit.

The budget for the General Fund is adopted on a basis consistent with U.S. generally accepted accounting principles. There were no material violations of finance-related legal and contractual provisions.

The budgetary comparison schedule is reported as Required Supplementary Information.

**E. Capital Assets**

Capital assets, which include equipment, are reported in the entity-wide statement of net assets at historical cost. Donated capital assets are reported at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the Unit as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Depreciation is computed for equipment using the straight-line method over 5 years. The entity-wide statement of activities reports depreciation expense.

**F. Compensated Absences**

Unit employees accumulate a limited amount of earned but unused vacation, compensatory and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the entity-wide statement of net assets. Unit employees accrue vacation, sick leave and compensatory leave at rates specified in the Code of Iowa and/or collective bargaining agreements. Accumulated unused vacation leave is payable upon termination of employment. Accumulated unused sick leave is payable only upon retirement and only to limits specified in the Code of Iowa and/or collective bargaining agreements. A liability for these amounts is reported in governmental fund financial statements, general fund, only for employees that have resigned or retired. The liabilities for compensated absences are based on rates of pay in effect at June 30, 2002.

**(2) Deposits**

The Iowa Department of Human Services – Case Management Unit’s deposits with the Treasurer of State throughout the period and at June 30, 2002 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure that there will be no loss of public funds.

**(3) Capital Assets**

Capital assets activity for the year ended June 30, 2002 is as follows:

	Balance Beginning of Year	Adjustments	Balance Beginning of Year, as restated (note 10)	Additions	Deletions	Balance End of Year
Capital assets:						
Equipment	\$ 209,416	(178,118)	31,298	22,728	(18,559)	35,467
Less accumulated depreciation:						
Equipment	-	24,973	24,973	5,623	(18,559)	12,037
Capital assets, net	\$ 209,416	(203,091)	6,325	17,105	-	23,430

**(4) Changes in Compensated Absences**

Changes in compensated absences for the year ended June 30, 2002 are summarized as follows:

Balance beginning of year	\$ 401,091
Increases	536,460
Decreases	<u>(457,174)</u>
Balance end of year	<u>\$ 480,377</u>

**(5) Explanation of Differences between the Governmental Fund Balance Sheet and the Statement of Net Assets**

“Total fund balance” of the Unit’s governmental fund, \$294,371 on page 8, Exhibit A, differs from “net assets” of governmental activities, (\$124,466) in the same Exhibit. This difference primarily results from the long-term economic resources focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet.

When capital assets that are to be used in governmental activities are purchased, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the Unit as a whole, as follows:

Cost of capital assets	\$ 35,467
Accumulated depreciation	<u>(12,037)</u>
Total	<u>\$ 23,430</u>

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables of \$38,110) are offset by deferred revenues in the governmental funds and are not included in fund balance.

Long-term liabilities applicable to the Unit’s governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Compensated absences, both current of \$383,193 and long-term of \$97,184, are reported in the statement of net assets.

**(6) Explanation of Differences between Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

The “excess of revenues over expenditures” for governmental funds, \$11,815 on page 9, Exhibit B, differs from the “change in net assets” for governmental activities of (\$12,256). The difference arises primarily from the long-term economic resources focus of the statement of activities versus the current financial resources focus of the governmental fund. The effect of the differences is illustrated as follows:

Because fees for service of \$38,110 will not be collected for several months after the Unit’s fiscal year end, they are not considered as “available” revenues in the governmental funds.

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses consist of compensated absences totaling \$79,286.

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year, as follows:

Capital outlay	\$ 22,728
Depreciation expense	(5,623)

**(7) Pension and Retirement Benefits**

The Iowa Department of Human Services – Case Management Unit contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the Unit is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Unit's contributions to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$225,856, \$201,571, and \$191,374, respectively, equal to the required contributions for each year.

**(8) Operating Leases**

The Iowa Department of Human Services – Case Management Unit has leased various office facilities throughout the State of Iowa. These leases have been classified as operating leases and, accordingly, all rents are charged to expense as incurred. The leases expire between June 30, 2002 and June 30, 2007 and require various minimum annual rentals. Certain leases are renewable for additional periods. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2002:

Year Ending June 30,	Minimum Rental Payments
2003	\$ 57,071
2004	52,282
2005	15,890
2006	11,531
2007	11,531
Total	<u>\$ 148,305</u>

Rental expense for the year ended June 30, 2002 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$171,091.



**(9) Risk Management**

Unit employee benefits for health, dental, long-term disability and life insurance coverage are insured through commercial insurers. There were no significant reductions in insurance coverage for the prior year and settlements have not exceeded coverage for the past three fiscal years.

The State of Iowa self-insures on behalf of its agencies for losses related to workers' compensation, its motor vehicle fleet, property damage and torts. A contingent fund exists under Section 29C.20 of the Code of Iowa to provide compensation for loss or damage to state property (casualty losses).

**(10) Accounting Change**

During fiscal year 2002, the Unit implemented several new accounting standards issued by the Governmental Accounting Standards Board: Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

Statement No. 34, as amended by Statement No. 37, creates new basic financial statements for reporting the Unit's financial activities. The financial statements now include entity-wide financial statements prepared on an accrual basis of accounting in addition to fund financial statements. Statement No. 38 requires certain note disclosures when Statement No. 34 is implemented.

The Unit also implemented new capitalization thresholds. The provisions of these standards and the changes in the capitalization policy have been incorporated into the financial statements and notes.

The entity-wide financial statements report the Unit's governmental activities. Beginning net assets for governmental activities has been restated to include capital assets and the changes in assets and liabilities at July 1, 2001 resulting from the conversion to the accrual basis of accounting.

Fund equity, June 30, 2001, as previously reported	\$ 282,556
GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$24,973	184,443
Compensated absences	(401,091)
Effect of change in capitalization threshold	<u>(178,118)</u>
Net assets, July 1, 2001, as restated	<u>\$ (112,210)</u>

**Iowa Department of Human Services – Case Management Unit**

### **Required Supplementary Information**

Iowa Department of Human Services – Case Management Unit

Budgetary Comparison Schedule

Required Supplementary Information

Year ended June 30, 2002

	Original/ Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues:			
Fees for service:			
Medicaid	\$ 5,177,562	5,165,135	(12,427)
Merit Behavioral	1,311,228	1,417,454	106,226
Counties	118,767	81,008	(37,759)
Miscellaneous	9,690	7,600	(2,090)
Total revenues	<u>6,617,247</u>	<u>6,671,197</u>	<u>53,950</u>
Expenditures:			
Personal services	5,207,298	5,097,319	109,979
Travel and subsistence	217,192	261,511	(44,319)
Supplies and materials	36,516	70,014	(33,498)
Contractual services	465,753	683,833	(218,080)
Equipment and repair	60,091	219,455	(159,364)
Claims and miscellaneous	1,252	655	597
Refunds of fees for service	525,418	326,595	198,823
Total expenditures	<u>6,513,520</u>	<u>6,659,382</u>	<u>(145,862)</u>
Excess of revenues over expenditures	103,727	11,815	<u>(91,912)</u>
Balance beginning of year	<u>282,556</u>	<u>282,556</u>	
Balance end of year	<u>\$ 386,283</u>	<u>294,371</u>	

See accompanying independent auditor's report.

### **Other Supplementary Information**

**Schedule 1**

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## Iowa Department of Human Services – Case Management Unit

## Statement of Cash Flows

Year ended June 30, 2002

## Cash flows from operating activities:

Cash received for service provided	\$ 6,731,180
Cash payments to suppliers for goods and services	(1,174,094)
Cash payments to employees for services	(5,332,434)
Cash received for cost settlement	50,463
Net cash provided by operating activities	<u>275,115</u>

Cash at beginning of year	<u>45,566</u>
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Cash at end of year	<u><u>\$ 320,681</u></u>
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**Reconciliation of excess of revenues over expenditures to net cash provided by operating activities:**

Excess of revenues over expenditures	\$ 11,815
Adjustments to reconcile excess of revenues over expenditures to net cash provided by operating activities:	
(Increase) in accounts receivable	(231,860)
(Increase) in due from other state agencies	(5,353)
Decrease in third party payor settlement receivable	50,463
(Increase) in prepaid expenses	(44)
Increase in accounts payable	67,502
Increase in salaries payable	26,396
Increase in due to other state agencies	59,000
Increase in third party payor settlement payable	309,549
(Decrease) in deferred revenue	<u>(12,353)</u>

Net cash provided by operating activities	<u><u>\$ 275,115</u></u>
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See accompanying independent auditor's report.



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Auditor of State

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**Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting**

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

We have audited the financial statements of the Iowa Department of Human Services – Case Management Unit as of and for the year ended June 30, 2002 and have issued our report thereon dated April 16, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Iowa Department of Human Services – Case Management Unit's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Iowa Department of Human Services – Case Management Unit's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 – Case Management Unit, citizens of the State of Iowa and other parties to whom the Iowa Department of Human Services – Case Management Unit 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 – Case Management Unit during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 16, 2003

Iowa Department of Human Services – Case Management Unit

Staff

This audit was performed by:

Suzanne R. Hanft, CPA, Manager  
Tammy L. Mason, CPA, Staff Auditor  
Jeffrey M. Evans, Assistant Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State