

# **Eastern Iowa Mental Health and Disability Services Region**

Report on Federal Awards

June 30, 2021

# Eastern Iowa Mental Health and Disability Services Region

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**Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With *Government Auditing Standards***

To the Board of Directors of  
Eastern Iowa Mental Health and Disability Services Region

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Eastern Iowa Mental Health and Disability Services Region, Iowa (Region) as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Eastern Iowa Mental Health and Disability Services Region's basic financial statements and have issued our report thereon dated August 31, 2022. Our report includes an adverse opinion on the financial statements of the governmental activities because management has not recorded liabilities for compensated absences and other postemployment benefits and the net pension liability, deferred outflows of resources or deferred inflows of resources related to pensions in the governmental activities and, accordingly, has not recorded an expense for the current period change in those liabilities, deferred outflows of resources or deferred inflows of resources. Our report includes a reference to other auditors who audited the financial statements of Mental Health Funds of Cedar County, Clinton County, Jackson County and Muscatine County, as described in our report on Eastern Iowa Mental Health and Disability Services Region's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Region's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control. Accordingly, we do not express an opinion on the effectiveness of the Region's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Region's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Eastern Iowa Mental Health and Disability Services Region's operations for the year ended June 30, 2021, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Eastern Iowa Mental Health and Disability Services Region. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
August 31, 2022

**Independent Auditors' Report on Compliance  
for the Major Federal Program and  
Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of  
Federal Awards Required by the Uniform Guidance**

To the Board of Directors of  
Eastern Iowa Mental Health and Disability Services Region

**Report on Compliance for the Major Federal Program**

We have audited the Eastern Iowa Mental Health and Disability Services Region's (Region) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Region's major federal program for the year ended June 30, 2021. The Region's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal program.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Region's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Region's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Region's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Region complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of the Region is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Region's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Region's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund of the Eastern Iowa Mental Health and Disability Services Region, Iowa, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Eastern Iowa Mental Health and Disability Services Region's basic financial statements. We have issued our report thereon dated August 31, 2022. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Our audit report included an adverse opinion on the Eastern Iowa Mental Health and Disability Services Region's financial statements due to management not recording the following: a liability for compensated absences in governmental activities and, accordingly, has not recorded an expense for the current period change in that liability; a liability for other postemployment benefits in governmental activities and, accordingly, has not recorded an expense for the current period change in that liability, deferred outflows of resources or deferred inflows of resources; and a net pension liability, deferred outflows of resources or deferred inflows of resources related to pensions in governmental activities and, accordingly, has not recorded pension expense for the current period change in that liability, deferred outflows of resources or deferred inflows of resources. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Because of the significance of the matters disclosed in the auditors' report, it is inappropriate to and we do not express an opinion on the schedule of expenditures of federal awards.



Milwaukee, Wisconsin  
August 31, 2022

## Eastern Iowa MHDS Region

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

<u>Federal Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Agency Grant Number</u>	<u>Federal Expenditures</u>	<u>Payments Made to Subrecipients</u>
<b>Federal Programs</b>				
<b>U.S. Department of the Treasury</b>				
(Passed through Iowa Department of Human Services)				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	\$ 2,831,368	\$ -
Total 21.019			2,831,368	-
Total U.S. Department of the Treasury			2,831,368	-
Total Federal Programs			\$ 2,831,368	\$ -

See notes to schedule of expenditures of federal awards

# Eastern Iowa Mental Health and Disability Services Region

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Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

## 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Eastern Iowa Mental Health and Disability Services Region under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Eastern Iowa Mental Health and Disability Services Region, it is not intended to and does not present the financial position, changes in net position or cash flows of Eastern Iowa Mental Health and Disability Services Region.

## 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

## 3. Indirect Cost Rate

The Eastern Iowa Mental Health and Disability Services Region has not elected to use the 10% de minimis indirect cost rate.



# Eastern Iowa Mental Health and Disability Services Region

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021

## Section I - Summary of Auditors' Results

### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Governmental Activities  
Each major fund

Adverse  
Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        X   no

### Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes        X   no

Significant deficiencies identified that are not considered to be material weakness(es)?

\_\_\_\_\_ yes        X   none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?

\_\_\_\_\_ yes        X   no

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        X   no

Dollar threshold used to distinguish between type A and type B programs:

          \$750,000

# **Eastern Iowa Mental Health and Disability Services Region**

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Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021

## **Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards***

None noted.

## **Section III - Federal Awards Findings and Questioned Costs**

None noted.

## **Eastern Iowa Mental Health and Disability Services Region**

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### Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

#### **Section IV - Other Findings Related to Required Statutory Reporting**

##### 2021-IV-A Region Minutes

No transactions were found that we believe should have been approved in the Region minutes but were not.

##### 2021-IV-B Travel Expense

No disbursements of Region money for travel expenses of spouses of Region officials or employees were noted.

##### 2021-IV-C Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and Region's investment policy were noted.

##### 2021-IV-D Questionable Disbursements

No expenditures were noted that may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979.

##### 2021-IV-E Restricted Donor Activity

No transactions were noted between the Region, Region officials, Region employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

#### **Instances of Noncompliance**

No matters were noted.