



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT ON AGING

**COMPLIANCE EXAMINATION
For the Two Years Ended: June 30, 2012**

Release Date: May 23, 2013

Summary of Findings:

Total this audit:	6
Total last audit:	12
Repeated from last audit:	4

SYNOPSIS

- The Department lacked adequate controls and monitoring over eligibility determinations and payments made to service provider agencies that applied for and received an enhanced rate for employee health insurance coverage under the Community Care Program.
- The Department failed to adequately monitor its Community Care Program service providers.
- The Department did not maintain adequate supporting documentation for its receipts and expenditures during the examination period. In addition, the Department failed to reconcile its receipt and expenditure records with the Illinois Office of the Comptroller reports.

{Expenditures and Activity Measures are summarized on the reverse page.}

**DEPARTMENT ON AGING
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012**

EXPENDITURE STATISTICS	2012	2011	2010
Total Appropriated Expenditures.....	\$ 795,948,305	\$ 715,477,822	\$ 727,338,169
OPERATIONS TOTAL.....	\$ 45,811,802	\$ 650,242,351	\$ 313,645,875
% of Total Expenditures.....	5.8%	90.9%	43.1%
Personal Services.....	6,198,450	1,241,980	5,209,122
Other Payroll Costs (FICA, Retirement).....	1,151,212	723,531	900,307
All Other Operating Expenditures.....	38,462,140	648,276,840	307,536,446
AWARDS AND GRANTS.....	\$ 750,124,696	\$ 65,224,471	\$ 413,692,294
% of Total Expenditures.....	94.2%	9.1%	56.9%
REFUNDS.....	\$ -	\$ -	\$ 17,103
% of Total Expenditures.....	0.0%	0.0%	0.0%
Total Receipts.....	\$ 53,710,024	\$ 59,798,553	\$ 68,734,282
Average Number of Employees.....	131	150	161

SELECTED ACTIVITY MEASURES (Not Examined)	2012	2011	2010
CCP Average Caseload - Clients	76,364	68,224	60,400
Prospective Nursing Home Cases Prescreened	104,215	103,016	97,562
Percentage of Clients Over 75 Living Alone	55%	56%	64%
Homemaker Service - Units Conducted	35,208,330	30,854,423	26,650,343
Adult Day Service - Units Conducted	2,604,314	2,531,093	2,479,608
Average Cost Per Client Per Month	\$ 812	\$ 805	\$ 776

AGENCY DIRECTOR
During Examination Period: Charles D. Johnson (through 7/31/11), Michael Gelder, Acting (8/1/11 through 10/23/11), John K. Holton (effective 10/24/11) Currently: John K. Holton

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**NEED TO STRENGTHEN CONTROLS AND
MONITORING OVER ENHANCED RATE PAYMENTS**

The Illinois Department on Aging (Department) lacked adequate controls and monitoring over eligibility determinations and payments made to service provider agencies (providers) that applied for and received a special hourly rate (enhanced rate) as reimbursement for providing health insurance coverage under the Community Care Program.

Providers paid \$64 million

Public Act 095-0713, effective July 1, 2008, authorized the Department to pay vendors providing homemaker, chore and housekeeping services an additional \$1.33 per hour (enhanced rate) for the purpose of providing health insurance coverage to their employees and to those employees' dependents. For the two fiscal years under examination, the Department has paid providers approximately \$64 million for the enhanced rate payments.

The enhanced rate is available for eligible providers with private insurance (Type 1), as well as eligible employer-provided health plans as part of a collective bargaining agreement with unionized workers (Type 2).

During testing, we noted:

Type 2 providers

- Seven of seven (100%) Type 2 providers tested did not submit required annual eligibility documentation or financial reports to the Department.

Type 1 providers

- The Department did not maintain or receive adequate documentation from Type 1 providers in order to monitor their continued eligibility for receiving the enhanced rate. (Finding 12-01, pages 10-12)

We recommended the Department strengthen controls to ensure that initial and ongoing reviews of applications, eligibility, and annual reporting for the enhanced reimbursement rate are conducted properly, in a timely manner, and in accordance with administrative rules. We also recommended the Department ensure required information is obtained from providers and maintained to support agency determinations.

Department agrees with auditors

Department officials agree with the recommendation.

INADEQUATE MONITORING OF SERVICE PROVIDERS

The Department did not adequately monitor its Community Care Program (CCP) service providers.

Required reports were not submitted to the Department

During our testing of 25 CCP service providers, which received \$861,336,287 from the Department during the examination period, we noted the Department had not received annual audit reports for 13 (52%) of the service providers. We also noted the Department had not reviewed 9 (75%) of the 12 reports received from the service providers. (Finding 12-02, pages 13-14)

We recommended the Department strengthen their controls for monitoring of service provider activities by following-up on delinquent audit reports. The Department should also ensure that audit reports are reviewed by staff in a timely manner after they are received.

Department agrees with auditors

Department officials agree with the recommendation and stated that controls for monitoring service provider activities have been developed and implemented.

NEED TO IMPROVE CONTROLS OVER RECEIPTS AND EXPENDITURES

The Department did not maintain adequate supporting documentation for receipts and expenditures. In addition, the Department did not reconcile its receipt and expenditure records with the Illinois Office of the Comptroller reports. We noted the following:

Required monthly reconciliations were not always performed

- The Department did not perform 18 of 24 (75%) required monthly reconciliations of its receipt records with the Comptroller's Monthly Revenue Status Report.
- The Department did not perform 18 of 24 (75%) required monthly reconciliations of its expenditure records to the Comptroller's Monthly Appropriation Status Report.

Supporting documentation for receipts and expenditures could not be provided to the auditors

- The Department was unable to provide tape balancing reports for 20 of 189 (11%) expenditures tested.
- The Department was unable to provide vouchers and their corresponding supporting documentation for five of 189 (3%) expenditures tested.
- The Department was unable to provide receipt deposit transmittals for five of 51 (10%) receipts tested. (Finding 12-03, Pages 15-16)

We recommended the Department implement procedures to ensure monthly reconciliations are performed and any discrepancies noted are corrected in a timely manner. We also recommended the Department ensure proper receipt and expenditure documentation is maintained to substantiate essential transactions of the State.

Department agrees with auditors

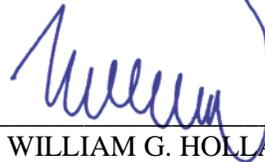
Department officials agree with the recommendation and stated they were unable to locate required documentation due to a move of the Department's headquarters and they will ensure safeguards are implemented to prevent missing documentation in the future

OTHER FINDINGS

The remaining findings pertain to: (1) untimely performance evaluations, (2) failure to timely file reports, and (3) failure to implement the Family Caregiver Act. We will review the Department's progress towards the implementation of our recommendations in our next examination.

AUDITORS' OPINION

We conducted a compliance attestation examination of the Department for the two years ended June 30, 2012 as required by the Illinois State Auditing Act. We have not audited any financial statements of the Department for the purpose of expressing an opinion because the Department does not, nor is it required to, prepare financial statements.



WILLIAM G. HOLLAND
Auditor General

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SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors were Winkel, Parker & Foster, CPA PC.