



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, 2014**

Release Date: May 14, 2015

FINDINGS THIS AUDIT: 9	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2012		14-2	
Category 2:	6	2	8	2010	14-1		
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2006		14-3	
TOTAL	6	3	9				
FINDINGS LAST AUDIT: 6							

SYNOPSIS

- **(14-1)** The Department lacked adequate controls and monitoring over eligibility determinations and payments made to service provider agencies that applied for and received a special hourly rate under the Community Care Program.
- **(14-9)** The Department paid almost \$360,000 for Community Care Program services charged for individuals who were deceased or incarcerated.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

**DEPARTMENT ON AGING
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2014**

EXPENDITURE STATISTICS	2014	2013	2012
Total Expenditures.....	\$ 993,997,029	\$ 1,121,413,592	\$ 795,948,305
OPERATIONS TOTAL.....	\$ 15,577,652	\$ 17,019,807	\$ 14,724,684
% of Total Expenditures.....	1.6%	1.5%	5.8%
Personal Services.....	10,671,031	9,770,179	10,294,057
Other Payroll Costs (FICA, Retirement).....	1,640,947	1,422,230	1,652,846
All Other Operating Expenditures.....	3,265,674	5,827,398	2,777,781
AWARDS AND GRANTS.....	\$ 978,377,124	\$ 1,103,990,110	\$ 781,223,585
% of Total Expenditures.....	98.4%	98.5%	94.2%
REFUNDS.....	\$ 42,253	\$ 403,675	\$ 36
% of Total Expenditures.....	0.0%	0.0%	0.0%
Total Receipts.....	\$ 54,273,658	\$ 68,869,985	\$ 53,710,024
Average Number of Employees (Not Examined).....	143	136	131

SELECTED ACTIVITY MEASURES (Not Examined)	2014	2013	2012
CCP Average Monthly Caseload.....	85,117	82,790	68,871
Prospective Nursing Home Cases Prescreened.....	99,891	96,551	104,215
Percentage of Clients Over 75 Living Alone.....	54%	54%	55%
Homemaker Service - Units of Service Conducted.....	42,562,098	40,954,922	35,208,330
Adult Day Service - Units of Service Conducted.....	2,500,196	2,617,622	2,604,314
Average Cost Per Client Per Month.....	\$ 869	\$ 854	\$ 822

AGENCY DIRECTOR
During Examination Period: John K. Holton
Currently: John K. Holton

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**INADEQUATE CONTROLS AND MONITORING
OVER ENHANCED RATE PAYMENTS MADE TO
COMMUNITY CARE PROGRAM SERVICE
PROVIDERS**

The Department lacked adequate controls and monitoring over eligibility determinations and payments made to service provider agencies (providers) that applied for and received an enhanced hourly rate under the Community Care Program.

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 \$89 million for the enhanced rate payments.

Providers paid \$89 million

During testing, the following was noted:

**Annual eligibility documentation not
timely submitted**

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

**Verification of actual expenses not
submitted**

- Three of the seven (43%) Type 2 providers did not submit verification from an independent certified public accounting firm of the actual, documented expense for health insurance during the provider's fiscal year.

- The Department did not maintain or receive adequate documentation from one of seven (14%) Type 1 providers tested in order to monitor their continued eligibility for receiving the enhanced rate during the examination period. (Finding 1, pages 8-10) **This finding has been repeated since 2010.**

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

Department agrees with auditors

The Department agreed with the recommendation and stated they have strengthened efforts to ensure providers submit the necessary verification documents. The Department also responded they would continue efforts to obtain documentation even after contract termination to close-out final allowable expenditures payable to the provider. (*For the previous Department response, see Digest Footnote #1.*)

IMPROPER COMMUNITY CARE PROGRAM PAYMENTS

Insufficient controls to prevent payments for ineligible individuals

The Department paid almost \$360,000 in Fiscal Year 2014 for Community Care Program (CCP) services charged for individuals who were deceased or incarcerated. The Department lacked sufficient controls to ensure timely identification of these changes in eligibility and to prevent expenditures for ineligible individuals. The auditors compared clients receiving CCP services to records of deaths and incarcerations and noted:

\$359,977 charged for individuals who were deceased or incarcerated

- \$321,668 was paid in Fiscal Year 2014 for services for individuals listed as deceased by the Social Security Administration.
- The Department paid \$38,309 to service providers for services charged for nine clients while they were incarcerated. (Finding 9, pages 23-25)

We recommended the Department implement additional internal controls to ensure timely identification of changes in CCP eligibility, including client death and incarceration, to prevent expenditures for ineligible individuals. We also recommended the Department implement edit checks or other controls to prevent and detect provider billings charged to the wrong individual.

Department agrees with auditors

Department officials agreed with the recommendation and stated they implemented changes whereby federal and state databases are used to verify the eligibility of client billings based on reported deaths and incarcerations.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Department. We will review the Department's progress toward the implementation of our recommendations during our next examination.

ACCOUNTANT'S OPINION

The auditors conducted a State compliance examination of the Department on Aging for the two years ended June 30, 2014, as required by the Illinois State Auditing Act. The accountant's report does not contain any scope limitations or disclaimers, but does contain a qualified opinion on compliance and a material weakness over internal control.



WILLIAM G. HOLLAND
Auditor General

WGH:lkw

SPECIAL ASSISTANT AUDITORS

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

DIGEST FOOTNOTES

#1 - Inadequate Controls and Monitoring Over Enhanced Rate Payments Made to Community Care Program Service Providers - Previous Department Response

2012: Agree. The Agency has been involved in an 18 month long lawsuit with Service Employees International Union (SEIU) regarding enhanced rate payments to Type 2 Providers which has hampered our efforts to perform adequate monitoring. We expect that lawsuit to be resolved in the near future which will allow the Agency to move forward with full compliance of controls and monitoring.